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TAYLOR WOODROW

NEWS SUMMARY

GENERAL

Gemayel in pledge to Arab 'brothers'

CHRISTIAN Phalangist Amin Gemayel was sworn in yesterday as Lebanese president—replacing his assassinated brother and pledged to rid the country of foreign armies and to strengthen ties with "our brothers the Arabs."

Hours later, 350 French paratroopers were due to arrive by sea off Beirut as the advance guard of the 3,000-strong international peace-keeping force, recalled after the slaughter of Palestinians in refugee camps.

The International Red Cross said 293 bodies had been recovered in the camps by last night.

Tensions ease, Page 4

Embassy attack

Gunmen in Bogota, Colombia, threw a bomb at the Israeli ambassador's home and riddled it with bullets before speeding off. Two guards were injured.

Intruder cleared

Buckingham Palace intruder Michael Fagan was cleared at the Old Bailey of stealing wine belonging to Prince Charles. Fagan, who said he wanted to expose the lack of security for the Queen, said he "even sat on the throne."

Dahrendorf OBE

The Queen made Prof Ralf Dahrendorf, director of the London School of Economics, an honorary Knight Commander of the Order of the British Empire.

Liberals hit at SPG

The Liberal Assembly called for the Metropolitan Police's special patrol group to be disbanded. Page 10

Military rule move

Turkey's consultative assembly approved a draft constitution to extend military rule until 1990. Page 2

'Holocaust' fear

A limited nuclear attack on Britain would kill 70 per cent of the population within hours CND said. Page 8

Meat row charges

Three Australian federal police officers have been charged in the scandal over horse and kangaroo meat found in consignments of prime export beef.

Fans sent home

Thirty-six English soccer fans were sent home after being fined in Copenhagen for fighting at the England-Denmark match on Wednesday.

BA fares rise bid

British Airways is seeking to increase fares on many domestic routes by an average of 5 per cent.

Black mark

"Pirate" broadcaster Cecil Morris was fined £150 in Birmingham for broadcasting "black music" from the top of tower blocks in the city.

Eels on wheels

A ton and a half of eels spilled from a lorry when it hit a car, registration EEL 293 V, in the New Forest.

Briefly....

Ford is cutting list prices of its Cortina range by 10 per cent. Page 6

Three elderly people being treated for suspected salmonella poisoning in Islay, Scotland.

Mrs Christine Livingstone has filed for divorce from husband, Ken, leader of Greater London Council.

Mr Lech Walesa, leader of Polish Solidarity union, is among 79 candidates for this year's Nobel Peace Prize.

BUSINESS

$ and £ firm; equities fall 5.4

● DOLLAR rose to DM 2.51 (DM 2.4965), FFr 7.095 (FFr 7.058), SwFr 2.15 (SwFr 2.137) and Y264.8 (Y262.65). Its trade weighted index was 122.4 (122). Page 36

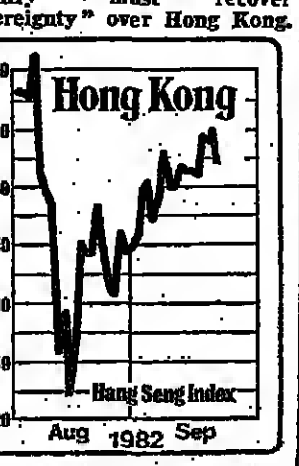
● STERLING fell 40 points to $1.711. But it rose to DM 4.295 (DM 4.285), FFr 12.135 (FFr 12.1) and SwFr 3.68 (SwFr 3.665). Its trade weighted index was 91.8 (91.7). Page 36

● GOLD fell $6 to $437.5 in London. In New York, the Comex September close was $438.5 ($436.7). Page 27

● EQUITIES reflected Wall Street's overnight reversal. The FT 30-share index lost 5.4 to 577.2. Page 35

● GILTS held steady. The Government Securities index rose 0.02 to 79.05. Page 35

● HONG KONG shares fell after China's President Zhao said the country "must recover sovereignty" over Hong Kong.



The Hang Seng index lost 25.73 to 1,096.12. Market report, Page 28; China "must recover sovereignty," Page 4; Lombard, Page 21

● WALL STREET was down 7.91 to 919.70 near the close. Page 28

● U.S. CONSUMER PRICE index rose 0.3 per cent last month, against 0.6 per cent in July. Reagan team ready to lower sights, Page 3

● BRITISH MANAGEMENT Institute said there was no solid evidence of an economic revival. Page 8

● MEXICO is being sued by owners and shareholders of 21 of the banks nationalised on September 1. They claim the takeover was unconstitutional. Mexico and IMF, Page 3

● NORTH SEA eighth round of offshore licensing will include 15 blocks in the productive central sector. Back Page

● UK GOVERNMENT wants the world's trading nations to accept an agreement stopping further barriers to trade in services. Page 5

● ALLIED CORPORATION delayed the start of its planned $1.9bn (£1.1bn) bid for Bendix. Back Page

● F. W. WOOLWORTH shares jumped to 73p from their suspension price of 58p amid continuing mystery over the identity of a consortium preparing to bid for the company. Back Page

● DOME PETROLEUM was presented with a government-banks rescue package to restructure some of its C$7.3bn (£3.55bn) debts. Page 31

● DUNLOP HOLDINGS, tyres and engineering group, reported pre-tax profits of £4m for the first half of 1982, against a £3m loss. Page 25; Lex, Back Page

● VICKERS, engineering and motor-cars group, raised taxable profits from £9.5m to £10.2m in the first half of 1982 but forecast lower full-year results. Page 22; Lex, Back Page

● ROWNTREE MACKINTOSH lifted pre-tax profits by £5m to £13.7m in the first 24 weeks of 1982. Page 23; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
BPB	442	+ 12	APV	260	− 18
Erith	99	+ 10	BOC Intl.	184	− 8
Exro Intl.	245	+ 12	Barratt Dev.	344	− 8
Martin (A.)	43	+ 4	Chambers & Fargus	27	− 4
Martin (R. P.)	340	+ 20	Clarke Nickolls	109	− 5
Morrison (W.)	156	+ 10	Eagle Star	320	− 13
Rosehaugh	210	+ 13	Granada A	180	− 6
Shaw Carpets	184	+ 2	GKN	115	− 7
Sketchley	304	+ 11	Huntleigh	114	− 12
Telfos	25	+ 3	Legal & General	293	− 16
TNT	95	+ 6	Macpherson (D.)	44	− 7
Clyde Pet.	95	+ 13	Midland Bank	297	− 8
Hamilton Oil	114	+ 4	Stewart Wrightson	238	− 10
Ashton Mining	60	+ 4	Thorn EMI	385	− 10
Durban Deep	£16¾	+ 1½	Utd. Scientific	317	− 20
Hampton Areas	190	+ 8	Wood (A.)	17	− 2
Marievale	184	+ 21			
Randfontein Ests.	£41¾	+ 1¼			

Health unions plan 'days of action' on regional basis

BY IVO DAWNAY, DAVID GOODHART AND BRIAN GROOM

THE TUC health unions drew up plans yesterday for a series of regional "days of action" aimed at putting further pressure on the Government to increase its offer and end the health workers' pay dispute, now entering its fifth month.

The new action will take place in a rolling programme of 24-hour stoppages by NHS staff, starting on October 4, and planned to halt each of the 16 regional health authorities in turn.

The first strike is fixed to coincide with the opening of the Conservative Party conference in Brighton.

Leaders of the 11 TUC health unions are to meet Mr Len Murray, TUC general secretary, soon to co-ordinate sympathetic action by workers outside the NHS.

Other plans include a lobby of Parliament shortly after the Commons resumes sitting and an extension of selective stoppages by key NHS groups aimed at rapid reduction of all hospitals to accident and emergency services only.

Mr Albert Spanswick, TUC Health Services Committee chairman, said that the new strategy amounted to a series of "days of action" similar to the national protest this week, but continuing indefinitely throughout the country. The regional stoppages would be co-ordinated by local TUC offices to ensure maximum participation of unions outside the NHS.

Further stoppages of an hour or more by non-NHS workers were expected, together with strong support on picket lines and demonstration.

The Health Service Committee's tactics tread a delicate path between the call by militant unions for more drastic extension of the dispute and the dangers of alienating the moderate elements in the health service.

The committee is understood to have rejected again a call from the National Union of Public Employees for an indefinite national all-out stoppage by hospital staff, allowing only accident and emergency cover.

A proposal to seek backing for a one-day national strike by all TUC-affiliated unions is believed to have been raised and rejected.

Sir Geoffrey Howe, the Chancellor, said last night that the Government has not modified its position on health service pay but that the unions have not modified theirs.

"It is a good offer and getting better with the passage of time as inflation falls," He added that when the negotiations started in March the inflation rate was 10.4 per cent, but had now fallen by 2½ per cent.

Several hundred Fleet Street printworkers will strike at the weekend if Sunday newspaper managers do not agree to reduce the number of pages in next weekend's editions.

Members of the National Graphical Association insist that they will not perform additional work to compensate for production lost during their 24-hour strike in support of the health workers on Wednesday.

Mr Bill Booroff, NGA London Region Secretary, said last night that the threat had official backing from the union. "The Sunday lads want to make their own feelings clear about the health service workers," he said. "The idea is that it would be wrong to rush around and get the full paper out."

There was little sign yesterday that Wednesday's Day of Action provoked legal action from many employers, although disciplinary action was taken at some plants.

The CBI said it did not know of any members who were using the courts. But 90 staff at Camelot Press, a printing concern in Southampton, have been dismissed for taking part.

Management there sent letters to all employees on Tuesday afternoon warning them that support for the action could result in disciplinary action. On Wednesday all the workers were sacked.

Management response may lead to trouble at two British Steel plants. More than 100 workers at BSC's Machnys engineering workshops, Llanelli, West Wales, were locked out yesterday for striking for 24 hours on Wednesday.

The men were warned by management before the TUC protest that there would be no work for the month today if

Continued on Back Page
Details, Page 29; Lex, Back Page

Miners reject NCB's 8.2% final pay offer

BY JOHN LLOYD, LABOUR EDITOR

THE NATIONAL Coal Board yesterday made a final offer of about 8.2 per cent to the National Union of Mineworkers—an offer which was instantly rejected by Mr Arthur Scargill, president of the NUM.

Both sides are now preparing for the struggle over pay, jobs and pit closures which they have long seen as inevitable.

The Coal Board has taken an uncompromising line. Mr James Cowan, deputy chairman with responsibility for industrial relations, said after the two-hour meeting between board officials and the union executive that the difficult market position meant that the 155m set aside for wages—up from £120m, giving 6.5 per cent, at last week's talks—was the absolute limit.

"The choice is straight for our workforce. Either they live with the offer the board has made or they invest in Mr Scargill's political aspirations in the hope that there will be a considerable spin-off for them."

Mr Scargill said that the programme he outlined last week would now be put into effect. That will include a national delegate conference on October 4 to endorse the executive's call for industrial action and to impose an immediate overtime ban; a series of area meetings in the major coalfields to urge rejection of the offer; and a ballot on October 28 and 29.

The ballot will ask that the executive be given authority to take industrial action on the issues of job losses and pit closures as well as backing for its wage claim. Mr Scargill said the issues were linked because the board has insisted on linking them—a charge the board has strongly denied.

The miners' president posed the issue in the starkest of terms. His members could choose between voting for the union "and ensure that your job is secure and your pit doesn't close and you can fight for the wages and conditions you deserve — alternatively you can support the Tory Government and the Coal Board and ensure that your pit closes, your job is lost and your wages and living standards are decreased."

The offer put to the union yesterday gives an extra 7.2 per cent on the minimum grade rates, together with an increase in the standard incentive rate from £30 to £31.50. The board said this would give cash increases to the highest paid face worker of £11, and to the lowest paid surface worker of £7.20.

The board had previously said that any increase in its 6.5 per cent offer would be conditional on talks on efficiency, but this is an unconditional new offer, clearly aimed at winning the support of the majority of mineworkers in the forthcoming ballot.

Mr Cowan said the board still wished to start talks on efficiency with the union—but stressed these did not involve closures or forced redundancies. The board said savings of £12m could be made by cutting overtime by one per cent and that further savings of around £4m could be made by paying all workers by direct bank transfer.

Shirley Williams to be SDP president

By Margaret van Hattem, Political Correspondent

THE Social Democratic Party yesterday elected Mrs Shirley Williams as its first president. She gained a decisive 65.8 per cent of the votes cast.

However, her personal triumph in achieving a significantly higher majority than had been expected was partly offset by the poor turnout in the postal ballot. Only 45 per cent of the party's 64,145 members bothered to vote.

The result is likely to prove a disappointment to Mr William Rodgers, who came second with 19.4 per cent or 5,584 votes against Mrs Williams' 19,006. Although Mr Rodgers had not expected to win, he is understood to have hoped for at least 25 per cent of the votes.

His poor showing is partly attributed to the unexpectedly high level of support for Dr Stephen Haseler, who came third, with 4,255 votes or 14.8 per cent. Dr Haseler, an outsider from the start of the contest, had campaigned assiduously as a rebel against the emerging SDP establishment, consolidating his support at the grassroots level.

As SDP president, Mrs Williams will be responsible for leading the party in the country and rallying grassroots support, leaving the more senior area of parliamentary leadership to Mr Roy Jenkins.

Her election now leaves Mr Jenkins with the problem of finding suitably high-sounding titles for Dr David Owen, whom he defeated in the leadership elections earlier this summer, and Mr Rodgers. As members of the party's founding Gang of Four and of its original collective leadership team, they are understood to expect some formal recognition of their status in the hierarchy.

Mr Jenkins is believed to be under some pressure from the party's Liberal partners in the Alliance to resolve the problem quickly before tensions develop...

Mrs Williams appeared implicitly to acknowledge this problem yesterday, when she hinted that Dr Owen might become the party's deputy-leader, while Mr Rodgers might take up chairmanship of its

Continued on Back Page
Conference report, Page 10;
Feature, Page 21

£ in New York

	Sept. 22	Previous
Spot	$1.7160-7175	$1.7115-7150
1 month	0.05-0.07 pm	0.05-0.07 pm
3 months	0.38-0.41 pm	0.47-0.50 pm
12 months	3.10-3.25 pm	3.38-3.45 pm

Treasury optimistic on public spending target

BY PETER RIDDELL AND MAX WILKINSON

THE TREASURY is now optimistic that it will be able to hold public spending for next year to something near its planned total of £121bn, in spite of £5bn in extra bids from spending ministers.

Although meetings between the Treasury and spending ministries will continue into next month, it is becoming clear that this year's excess is likely to be considerably less than the £5bn which was added to last year's 1982-83 spending total.

One reason for the relaxed view taken by ministers is that they expect the lower inflation rate to take some pressure off the spending totals for 1983-84.

At the time of the last Budget the Treasury was assuming prices would increase by 7 per cent between the financial years 1982-83 and 1983-84. However, it now looks as if the general inflation rate could be a point or more lower than this.

This would mean that the cash allocated to departments would buy more than previously expected. However, the behaviour of public sector wages is a key component in this equation and the trend of next year's settlements is still uncertain.

Although some of the most difficult talks are still to come—such as Defence—the Treasury is hoping that any extra spending can be accommodated in next year's contingency reserve of £4bn.

The final total for all public spending is likely to be agreed at a full Cabinet meeting next month.

During the summer, senior economics ministers have hardened their opposition to any large cut in the employers' Nat-

Continued on Back Page
Administration lowers sights, Page 3

Sir Maxwell Joseph dies

BY GARETH GRIFFITHS

SIR MAXWELL JOSEPH, chairman of Grand Metropolitan, the international hotels and brewing group, died on Wednesday, it was announced yesterday.

Sir Maxwell, 72, announced in July his intention to retire as Grand Met chairman at the group's annual meeting next March. Mr Stanley Grinstead, deputy chairman and group managing director, was to be appointed to succeed him.

Sir Maxwell and Mr Grinstead worked in close partnership for the past 25 years and the City expects little change in the company's policies.

The board said last night that under Sir Maxwell's guidance and leadership the company grew from modest beginnings in the mid-1960s to its present international stature.

Sir Maxwell's ability to recognise and exploit undervalued property, provided the cornerstone for Grand Met's rapid expansion. He will be remembered particularly for the takeover in 1972 of Watney Mann, at the time the largest bid in British commercial history and one of the most acrimonious.

The acquisition was the high point in Grand Met's expansionary policy under Sir Maxwell. In 1969 he acquired Express Dairy; in 1970 Berni Inns and Mecca; 1971 Truman; 1980 Liggett and in 1981 Inter Continental.

The Grand Met share price fell on news of Sir Maxwell's death. At one point it fell 7p but later rallied to close at 273p for a loss of 1p on the day.

Obituary, Page 8

U.S. group seeks London listing

BY MARY ANN SIEGHART

INTERNATIONAL Signal and Control, a fast-growing U.S. electronics systems company active in warfare and communications equipment businesses, is to seek a full listing on the London Stock Exchange despite not being a quoted share in the U.S.

This unusual move, which will involve a formal change of domicile from the U.S. to the UK, enables the company to achieve a flotation while avoiding the need to comply with U.S. Securities and Exchange Commission regulations.

U.S. rules are stricter in certain respects than in the UK and could, International Signal says, jeopardise confidential aspects of its business.

The listing is being accompanied by an offer for sale which will raise £33m. The newly-formed parent company is offering 21m shares at 155p each. This values the group at £86.4m.

In preparation for the offer, International Signal is tendering its own shares in exchange for the outstanding 49.8 per cent minority stake in its UK subsidiary, ESI London. These shares, which are held by British institutions, are currently listed in Luxembourg. The operation will create a new British holding company of which International Signal Corporation of the U.S. will become a subsidiary.

ISC is involved in the design, assembly and marketing of electronic systems, mainly in security, defence, communications and electronic warfare. Defence work for the U.S. Government accounts for about 20 per cent of its turnover and other customers include countries in the Middle East and Africa. It was established in Pennsylvania in 1971 by Mr James Guerin, its present chairman.

Group pre-tax profits in the year to March 31 were $5.3m (£3.1m). The forecast for the current year is $14m, on the assumption that interest charges will be eliminated after the offer.

"We're here in London because of our 80 per cent international business, which has given us a sound base of investors," Mr Guerin said in London yesterday.

The UK's different disclosure regulations were an attraction. "Customers prefer us to be UK-based because of confidentiality. They trust the British more than the Americans in this regard," he said. New York Stock Exchange rules would oblige the company to disclose information on its customers and on the products it is supplying to them.

Mr Guerin is also buying out the commercial division of the company at its net asset value.

The closing date for the ESI London offer will be October 14, with application lists for the International Signal shares opening on October 21. Listing will be granted the following day.

Merchant bankers acting for the company are Robert Fleming, and the brokers are L. Messel.

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France's small businessmen fight against the state's tightening embrace

> "I am against all those in power who try to take our decisions for us"—M Jacques Roulet, owner of a small plastics business and one of the 15,000 who denounced Socialist policies in a mass rally by France's middle class in Paris last week, talks to David Housego

THE founder and owner of a small plastics firm south of Fontainebleau, M Jacques Roulet, packed up work early on September 13. With 15,000 other owners of small businesses, retailers, executives and doctors he took part in a mass rally and then in a silent torchlight procession at night through the streets of Paris to denounce Socialist economic policies.

It was the largest demonstration by France's self-employed and professional middle classes in recent years and has led political commentators here to talk of a revival of "Poujadism" — the militant protest movement of shopkeepers in the 1950s.

Last week's rally heard M. Gerard Deuil, president of the militant National Union of Small and Medium Industries (SNPMI), and one of the few Frenchmen to be openly proud that he worked for Petain's Vichy régime during the war, deliver a passionate indictment of government intervention and Socialist rule. "We will tell the Socialists, prisoners of a Marxism destructive of human freedom and dignity," he said "that we have had enough of their egalitarianism . . . . enough of technocrats, profesors, teachers and civil servants."

Wild demagogic language? "No," says M. Roulet. "What Deuil says is what I want to hear." He adds more apologetically that most politicians give demagogic speeches and that "you have to be tough and ask for more than you want if you are to get anything at all."

Mild-mannered, grey-haired, in his mid fifties, M. Roulet sounds far from demogogic himself as he talks quietly, of the demonstration and his company's affairs from his office in a prosperous village on the outskirts of Fontainebleau. He founded R.S. Plastics some 25 years ago to make plastic mouldings for the electronics industry, and then for cosmetics manufacturers like L'Oreal and Christian Dior. He now employs 65 people, his turnover has grown fivefold in the last 10 years to FFr 11.2m (£933,000) in 1981 and he has recently constructed new workshops and offices.

Pre-tax profits of FFr 53,670 last year were at their lowest since 1972, though in part offset by new investment. But because the Government's current four months' price freeze prevented the company raising its sale prices in June, M. Roulet's best hopes this year are for avoiding a loss. He speaks of other companies, he knows, more heavily indebted and equally feeling the squeeze of higher wage and financial charges, being forced out of business.

During last week's demonstration M. Roulet was in shirt-sleeves and wearing an SNPMI armband—a volunteer official helping to keep order in addition to the 250 security guards specially recruited for the occasion.

He joined the SNPMI, which was formed in 1936 at the time of the left-wing Popular Front government, nine years ago. "Like most Frenchmen," he says "I am an individualist. I had no wish to be a member of any organisation but simply wanted to get on running my business. But then I found that there were labour or legal issues about which I was ignorant."

He was approached by the SNPMI and preferred to join them because they have got more "muscle" to them. The main employers' organisation, the CNPF, he says, are for the "top brass." Over the years he has become one of the senior members of the SNPMI for the Seine-et-Marne department.

Like many small employers M. Roulet has founded two companies to by-pass the law which requires companies to establish a works committee when the labour force exceeds 50. Thus one company now has 47 employees and the other 18, though effectively they work as one operation. He has never allowed trades union representation in the factory, though on two occasions has had to fight hard to keep unions out.

M. Roulet is particularly strong in his condemnation of the Communist-led CGT union—which has members in some of the larger companies in the area. He says the CGT "wants Europe to fall under Soviet rule and they are doing all they can to ensure the collapse of Europe."

Until five years ago, 90 per cent of M Roulet's workforce were immigrant workers from Portugal. Now 50 per cent are French. He pays them two or three percentage points above the state minimum wage but says that he cracks down heavily on absenteeism.

Turnover rose handsomely by an average 27 per cent a year in the three years 1978 to 1980 and pre-tax profits were also sharply up by an average 25 per cent. This surge in the company's business followed a major diversification in 1977 when R. S. Plastics moved into the making of gadgets such as plastic-based mini torches and key rings.

Last year the increase in turnover slowed down to 13 per cent (equivalent to France's inflation rate) and pre-tax profits dropped back sharply from FFr 311,601 in 1980 to FFr 53,670. M Roulet puts down the company's increasing difficulties to a number of factors.

● The market in gadgets collapsed last year. Though these account for only 30 per cent of turnover they provide a far higher return than volume production of plastic components for industry.

● Wages and compulsory employer social security contributions have risen as a proportion of turnover from 29.8 per cent in 1980 to 32 per cent last year and an estimated 33.7 per cent this year.

● The squeeze on profits this year because a half-yearly 6 per cent increase in sales price that would have been applied to most volume products from June was blocked as a result of the prices freeze. M Roulet estimates the loss to the company as equivalent to 2 per cent of turnover.

Nonetheless M Roulet is planning to go ahead with another major investment in 1984-85—"hopefully by then," he jokes, "M Mitterrand and M Mauroy will have gone." This involves shifting his existing plant into his newly constructed workshops and then increasingly robotising the operations so that he can increase turnover without taking on new staff.

Like many owners of small businesses in France, M Roulet's main complaint is as much against the whole system of government intervention and technocrats masterminding the economy as it is against the Socialists. "I am against all those in power who try to take our decisions for us," he says. He blames President Giscard d'Estaing for pursuing left-wing policies in 1978 through limiting companies' powers to sack workers. "There would be a lot less unemployment today," he declares, "if that had not been done. The flexibility of small companies has been badly reduced."

M Roulet sees President Mitterrand as following M Giscard d'Estaing in accentuating the problems of companies. But of late he recognises that the Socialists have done a considerable amount to ease companies' problems.

"They have been forced to abandon their dogma and come back to reality," he says. "They began by attacking employers and distributing money. But now the coffers are empty so they want to work with those prepared to take risks. They have been forced to backtrack not through political beliefs but because they had no choice. They are now a government of the left putting through right-wing policies—as Giscard was a government of the right putting through left-wing policies."

M Roulet does not believe they will succeed because he believes the world's economic crisis is too deep. He likens the present period to the years 1936-39, where the tensions were resolved by war. As he does not believe there will be war this time "I don't know how things will work out."

Does he think that France's small business class could turn to violence, as some commentators have suggested, in circumstances of deepening economic problems and hostility to a Socialist administration? "If the Government does not make concessions there is a risk," he says. "But I think they are now well aware of the problem."

Delors takes aim at nation's shopkeepers

BY DAVID MARSH IN PARIS

THE FRENCH Finance Minister, M Jacques Delors, yesterday threw down the gauntlet before the country's large and disparate class of shopkeepers and professionals, labelling them as one of the principal structural sources of inflation.

Presenting a list of remedies aimed at backing up the Government's wage and price controls, M Delors made clear that the activities of previously protected service industries would be a prime target of anti-inflationary efforts in coming months.

He told a news conference that attempts to stamp out the structural causes of French inflation, to be found often in elevated retail margins or in generous fees in the medical profession, represented a "gigantic" task. Therefore, he was not promising too much from the Government's drive. But, underlining that "France's pedigree in strengthening competition is not too good," he announced a series of priorities designed to improve efficiency throughout the economy.

M Delors said a prime government target would be the retail distribution system, which is notoriously inefficient. The fruit and vegetable trade, together with meat, fish and chemists' shops would be under increased surveillance. The Government was also supporting efforts to boost the importance of consumer organisations.

At the company level, he declared that manufacturing *industries exposed* to international competition would receive more favourable treatment once the current wage-price freeze ends than sheltered sectors which had often been privileged in the past.

The Government would support systems of wage bargaining which rewarded efforts at increasing productivity or cutting energy dependence. At the same time, it was encouraging greater competition among the banks to assure companies of better financial help.

Budget gap may compel Bonn to borrow more

BY JONATHAN CARR IN BONN

A NEW West German Government of the centre-right may be forced to increase state borrowing and raise taxes to close a gap of up to DM 50bn (£11.7bn) emerging in next year's federal budget.

This emerges from talks on economic and financial strategy being held here this week between the prospective coalition partners—the Christian Democrats (CDU), the Bavarian Christian Social Union (CSU) and the liberal Free Democrats (FDP).

Final conclusions have not been reached, but it is clear that the new Government will face decisions which both the country at large and members of the centre-right parties themselves will find unpopular. Further, these decisions will have to be implemented in the run-up to a general election, tentatively set for March 6 1983. The budget for 1983 is supposed to be passed into law by the end of this year.

The CDU-CSU-FDP have already made clear they will withdraw the draft budget introduced by Chancellor Helmut Schmidt's Social-Democrat-Free Democrat alliance which collapsed last week. The centre-right have long stressed that the draft was based on over-optimistic economic projections, but must now deal with the consequences.

The old draft had a volume of DM 250.5bn (£58.5bn)—DM 4.7bn more than in the 1982 budget—and a net government borrowing requirement of DM 28.4bn. This was based on the assumption that there would be about 3 per cent real economic growth next year. The CDU-CSU-FDP are now working on a maximum 1.52 per cent, meaning that the average number of unemployed will rise to well over 2m.

This implies that an extra DM 4.5bn will be needed for jobless payments, and a tax shortfall of around DM 5bn. Large extra bills also seem unavoidable for, among other things, the cost explosion for fast breeder reactor development, and a new division of value added tax between the federal government and the provincial states (the Laender).

On top of that, the Centre-Right parties have constantly spoken in favour of tax benefits to boost private investment and would like to see more public sector investment, too.

Among the savings measures being discussed to help pay for all this are cuts in some social security benefits, and in subsidies to business and industry. But without really drastic reductions, which few in any of the parliamentary parties are ready to support, a big budget hole would still remain.

Therefore, to their own deep distaste, the CDU-CSU-FDP parties are concluding that the net government borrowing figure will have to rise well beyond DM 28.4bn (it would have done so too had the SPD-FDP stayed in power).

To marked public surprise, they are also discussing introduction, for a limited period, of a supplementary tax on high incomes.

In the old coalition, the SPD had proposed just such a measure on the grounds that it would show the economic and financial burdens were being fairly shared. However, the FDP rejected the idea at that time, saying it would be "poison" for business confidence.

Bundesbank injects £1.2bn permanent new liquidity

BY KEVIN DONE IN FRANKFURT

THE BUNDESBANK, the West German central bank, took a further careful step yesterday to ease its monetary policy by adding around DM 5.5bn (£1.2bn) in permanent new liquidity to the banking system.

With effect from October 1, the Bundesbank is cutting banks' minimum reserve levels—the percentage of deposits the banks must hold interest free at the central bank—by 10 per cent across the board.

The measure is another cautious move in the process of relaxing monetary policy begun by the Bundesbank in autumn last year and should add further downward pressure on interest rates.

Four weeks ago West German monetary authorities acted strongly in response to the worldwide fall in interest rates by cutting the discount rate by half a percentage point to 7 per cent and the Lombard rate by a full percentage point to 8 per cent, the lowest levels since early 1980.

The banks' funding needs will be eased further during October with additional temporary liquidity aid in the form of securities re-purchase agreements, the Bundesbank indicated yesterday.

The pressing need for some form of economic stimulus was underlined yesterday by the release of the August trade figures which on a seasonally-adjusted basis confirm the downward trend of both exports and imports.

Exports have started to weaken in the last couple of months in response to falling new orders from abroad, while imports are being held down by the depressed state of the domestic economy. Industrial production and capital investment are falling, while unemployment is close to record post-war levels.

The summer months of July and August offer an unreliable guide to the overall trend in the current account of the balance of payments because of distortions due to works holidays and heavy spending abroad by West German tourists.

Nonetheless, the current account, which includes services and transfer payments, showed a deficit of DM 3.2bn in August compared with a deficit of DM 1.8bn in July and a deficit of DM 6.2bn in August 1981.

On visible trade alone Germany had a surplus of DM 2.7bn in August compared with a surplus of DM 3.7bn in July and a small deficit of DM 58m a year ago.

On a seasonally adjusted basis, the current account is running virtually in balance this year following massive deficits of DM 17bn in 1981 and nearly DM 30bn in 1980.

E. German youth starts queueing for trips to west

By Leslie Colitt in Berlin

AN AGREEMENT promising the "expansion" of youth travel between East and West Germany has prompted young East Germans to start trying to book their places on the next tours. East Germans up to retirement age are not permitted, with few exceptions, to visit West Germany or any other Western country.

The agreement was signed earlier this week in East Berlin by the East German Communist youth organisation (FDJ) and the government-supported West German youth federation in the presence of senior East and West German officials.

The accord noted that tourism by young people between the two Germanys is to be "expanded" and will be open to all young people subject to the limits of "availability" of tours and the "customary arrangements" in each country. It said contracts had been signed between travel bureaux in both countries.

Following the announcement, young East Germans in several parts of the country called the Communist youth organisation's travel office to ask when they could book trips to West Germany. They were told by officials that it was too early to submit applications.

The agreement supplements an earlier accord under which some 4,500 young West Germans visited East Germany last year in organised tours. In return, several bus loads of East German youth organisation officials toured West Germany.

The bulk of those likely to benefit from the scheme are young West Germans, who will be able to visit East Germany without having to pay the compulsory currency exchange.

The chairman of the East German youth organisation, Herr Egon Krenz, who is a member of the ruling Politburo, said in reply to a West German correspondent's question that he did not expect a "mass movement" of young East Germans to West Germany.

West Germany's Inter-German Relations Minister, Herr Egon Franke, said the latest agreement was a further successful step in relations between the two German states. The accord, he said, was the outcome of the summit meeting last December between East and West German leaders.

Breathalyser introduced in Portugal

By Diana Smith in Lisbon

PORTUGUESE POLICE will have the power to breathalyse drivers from tomorrow. The country, with a population of just under 10m, has the second highest alcohol consumption per capita in Europe. Each year about 3,000 people are killed on the roads and some 20,000 injured. The authorities estimate that 30-40 per cent of accidents are caused by heavy drinkers.

The breathalyser equipment has been imported from Britain and members of Portugal's road police, the National Republican Guard, received a two-day intensive course from British instructors this week on how to use it.

Britain calls for curb on EEC steel imports

BY JOHN WYLES IN BRUSSELS

THE BRITISH Government yesterday called for moves to reduce steel imports into the EEC next year and for a close monitoring of imports over the next three months to ensure observance of the Community's voluntary restraint agreements with third countries.

The British initiative, launched by its permanent representative to the EEC, Sir Michael Butler, is a measure of the Government's alarm about the extent to which the British Steel Corporation's recovery plan is being undermined by imports.

It is unable to move against EEC steel coming into the British market but it is determined to win more protection from third country imports which already total more than the 630,000 tonnes which were shipped into Britain during the whole of last year.

On past practice, the European Commission would begin negotiating new voluntary restraint agreements (VRAs) with the EEC's 13 principal suppliers around the turn of the year. But Britain wants the Commission to be issued with a mandate to negotiate import reductions so that agreements can be in place as early as possible in 1983.

In addition, Britain fears that the relatively higher prices prevailing in the Community, might tempt some suppliers to breach this year's VRAs and, hence, it is calling for strict monitoring of trade flows.

Although some imports are covered by quotas imposed by the EEC without negotiation, the bulk of inward shipments fall within the scope of the VRAs. Latest Commission figures suggest that total Community imports will be 11.2m tonnes this year, against 8.3m tonnes last year. However, steel consumption this year will be no better, perhaps even slightly worse, than last year's 104m tonnes.

Given the acute problems afflicting the Community's steel industry, the British call for more protection should win considerable sympathy from the Commission and other member states. However, if the West German Government remains true to form, it will act as a counterweight against any move to issue a heavily protectionist negotiating mandate to the Commission.

Turkey's constitution will keep military rule for years

BY METIN MÜNIR IN ANKARA

THE consultative assembly appointed by Turkey's military regime yesterday completed the draft of a constitution which will extend military rule until the end of this decade, restrict labour rights and curtail freedom of the Press.

It now goes for review to General Kenan Evren, the head of state, and his National Security Council of generals. Their version will then be the subject of a referendum on November 7.

In its present form, the constitution seems to foresee the extension of military rule within a parliamentary framework, at least until 1989.

Gen Evren will become President for seven years and will have strong powers, dominating both the Cabinet and Parliament. He will have the authority to appoint and dismiss the Prime Minister and abolish Parliament. He will also appoint many senior bureaucrats.

The four other generals in the National Security Council will advise Gen Evren through a Presidential Council established under the new constitution to accommodate them. It, too, will serve for seven years and will review laws passed by Parliament.

All five generals will be immune from prosecution through-

The President will have the right to send back to Parliament amendments made to the constitution, which anyway require a two-thirds majority. To override his objection a majority of three-quarters will be required.

The general and his colleagues seized power two years ago in the face of rising civil strife and severe economic problems. Law and order now prevails and the economy, with substantial Western aid, is back on the path of growth.

The draft constitution indicates, however, that the generals are reluctant to hand power back to the civilians whom they fear will return to fighting among themselves leaving Turkey to descend again into chaos. Most Western diplomats here share their apprehensions.

Despite strong criticism of the draft by both the left and right-wing Press, it is likely to be approved in the referendum. Gen Evren's coup won him much popularity, which he has largely managed to retain.

A general election is due to be held next summer or the spring of 1984.

Christopher Bobinski in Warsaw, examines Solidarity's latest peace initiative

Hope glimmers for agreement on Polish unions

AS WINTER in Poland approaches, and with it the first anniversary of the martial law clampdown both sides, the military government of General Wojciech Jaruzelski and Solidarity's underground leadership are hoping to see a light at the end of the tunnel which would mean the end of their respective predicaments.

The authorities are getting tired of the present situation. They seem to want an early end to martial law, allowing them to maintain control of the political situation but bringing them some measure of respectability both internally and abroad. The Solidarity leadership, too, is shaken by the wave of arrests at the beginning of this month and wants to see some kind of agreement which would clear the prisons and the internment centres and bring back their union, albeit in a more limited role.

A glimmer of hope is placed in a letter calling for talks with the Government which was recently sent to Gen Jaruzelski by some senior Solidarity moderates, who are still at liberty and not in hiding, and by the small 1m-strong independent "autonomous" union. The signatories, who say they have the approval of Solidarity's underground leadership, have been received by Archbishop Josef Glemp, the Polish primate. The Church's backing for this initiative is expected to be underlined in a letter the bishops are sending to Gen Jaruzelski.

The signatories want to see the return of Solidarity and the other unions, with Solidarity agreeing to talk about changing its structure from a territorial basis to one based on industrial sectors. The unions say they are ready to take a share of the responsibility for bringing the country out of its economic mess.

In return, they want freedom for all those in prison, talks by the government with Mr Lech Walesa and with the legal leaders of the unions. They underline that any concessions by the unions would have to be agreed by delegates to legally convened congresses.

The "peace" initiative is described by its authors as the last chance for agreement on the future of Polish trade unions. Initially, the Government regarded it with mixed anger and disinterest: a number of people in the Government side saw it as representing, not so much daylight at the tunnel's end, but more the lights of an oncoming train.

Now, however, the orthodox Soviet-style "branch" unions which until 1980 enjoyed a monopoly but with the rise of Solidarity sank to a membership of less than 2m, have begun to take an interest.

Senior officials from five unions suspended with the onset of martial law, like the mineworkers and building workers, have been considering backing the appeal for talks and the return of among other, Solidarity. The national chairman of the branch unions, Mr Eugeniusz Mielnicki recently said to a newspaper interview that "no one in Poland can dissolve a trade union, it can only be done by its own Congress."

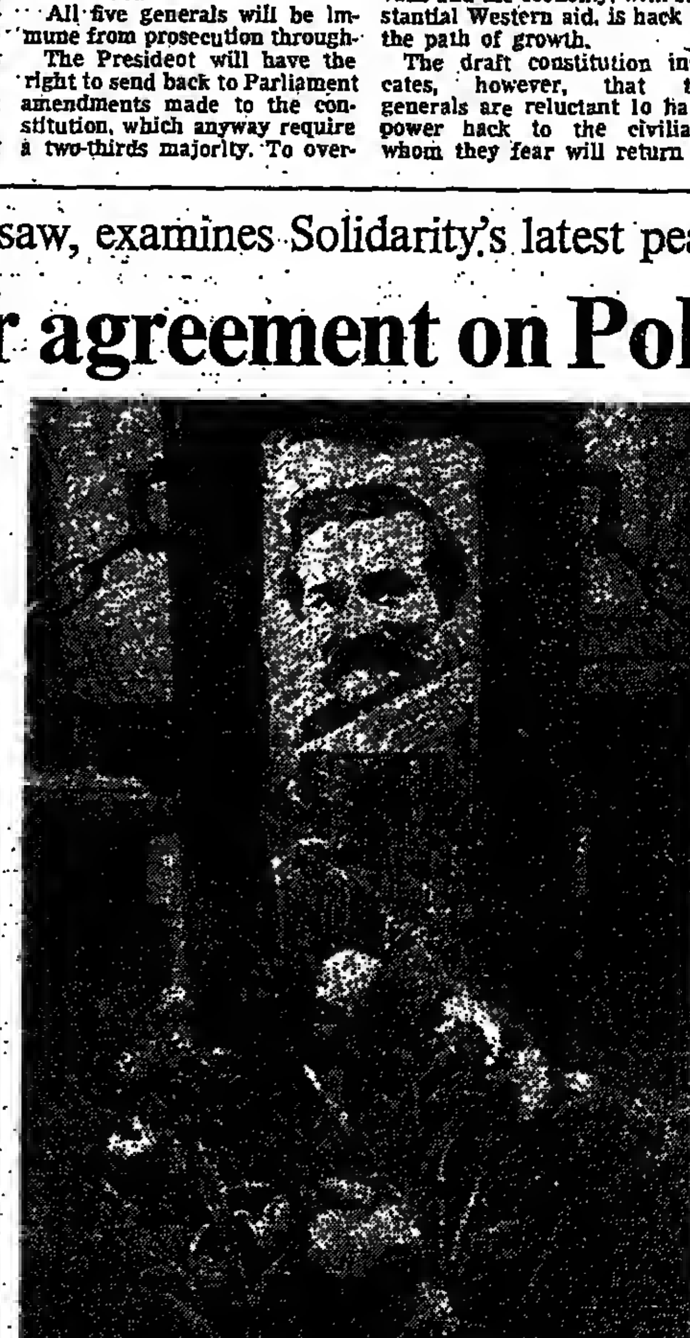
No doubt the authorities are now working hard to dissuade the branch union officials from signing the appeal. Nevertheless this radicalisation, if it were to translate into a common front with Solidarity and the "autonomists" would deeply embarrass the authorities.

Ironically, it is a result of the "zero option" plan which Mr Mieczyslaw Rakowski, the deputy premier in charge of relations with the unions, has been talking of as an element in lifting martial law. This would involve outlawing all the present unions and starting again from scratch. For the branch unions, which have never done much more than support the official line, this would spell the end.

The "zero option" is also risky for the authorities, in that the formal banning of Solidarity would provoke widespread street clashes. The risk is all the more real after the August 31 demonstrations.

There are signs that the military, and Gen Jaruzelski himself, would like to move away from martial law as soon as possible and thus deflect from the army the resentment which people feel at the loss of their rights. But some officials argue that the authorities sit tight as long as the standard of living continues to drop and rely on the riot police and the army to maintain order, if worse comes to worst. It could well be next spring before economic improvement comes—the argument goes—and why risk liberalisation during the most drastic post-war fall in living standards? The decision is not an easy one.

A survey carried out among industrial workers by the party's Marxism-Leninism Institute four months ago showed that almost 90 per cent of workers want Solidarity back. Around half of these would agree to have the union back with significant changes, many of which the underground leadership is ready to concede, such as dropping Solidarity's strictly political dimension.



Flowers form a cross underneath a Warsaw poster of Solidarity's imprisoned leader, which reads "Free Lech"

Only 12 per cent would be happy with entirely new unions as envisaged by Mr Rakowski's "zero option" plan. One-third said they would not join and another third said they would wait and see how the new unions would turn out.

It would seem that most workers, while retaining their loyalty to Solidarity, are not ready for a head-on clash with the Government. What cannot be predicted is the point at which worsening living conditions might trigger mass strikes and demonstrations.

The south-western province of Wroclaw bears watching here. Solidarity in the area, led by Mr Wladyslaw Frasyniuk, seems better organised and financed than elsewhere. The idea of street clashes seems to have taken a firm hold. At the same time the union is increasingly linking bread-and-butter issues with the struggle for its own existence.

"If you want meat and butter bring back Walesa," goes one slogan. Attempts have been made so far with little success, to organise hunger marches and "barefoot" marches—alluding to the shortage of shoes.

The Church is aware of the dangers. Their outspoken communiqué last week, which will cool their relations with the authorities, criticised police behaviour towards demonstrators on August 31. It is in line with the Church's traditional role as the defender of the oppressed. But the Church is also forcefully calling for talks between all sides to avert the danger of civil war.

The Solidarity underground leadership has not decided what to do next; this may be a conscious move to give some time to the latest appeal for talks to sink in. November 11, the second anniversary of the union's registration and December 13, the first anniversary of martial law, loom as the next occasion for more demonstrations. If the latest initiative fails, Solidarity and the Government will find themselves caught between the alternatives of street protests and police repression.

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Reagan's team ready to 'lower sights' on economic recovery

BY ANATOLE KALETSKY IN WASHINGTON

THE REAGAN administration appears to have abandoned hope of a strong economic recovery in the coming year and now accept that it is impossible to fight inflation without increasing unemploymant.

Mr Donald Regan, the U.S. Treasury Secretary, acknowledged yesterday that the administration would probably have to "lower its sights" significantly and that the ecoaomy is recovering in "a much slower fashion than normal for recoveries in the post-world war two era.

His statements followed a comprebensive refutstion of many of tha original principles

Lower food and petrol prices slowed U.S. consumer inflation last month as the price index rose by only 0.3 per cent, bringing the annual inflation rate for the first eight months of the year to 5.1 per cent, the government said yesterday, reports Reuter.

of "Reaganomics" by Mr Martin Feldstein, President Reagan's nominee to replace Mr Murray Wiedenbaum as chairman of the Council of Economic Advisers and chief economic adviser to the cabinet.

Mr Feldstein, in a controversial and sometimes fiery confirmation hearing before the Senale banking committee, roundly coodemned the "extremist" monetarists and "supply-siders" who bad produced "eupboric forecasts of self-financing tax cuts and a painless transition to inflation free growth."

He predicted that growth in the years ahead would be slower than the administration's projections of around 4 per cent annually in real lerms, but argued that a slower recovery was actually desirable. An "excessive" recovery could rekindle inflation by bringing unemployment down to rapidly, be said.

Mr Reagan, who has consistently been tha administration's most optimistic economic spokesman and has in the past denied the direct linkage between fighting inflation and raising unemployment, admitted on television yesterday after Mr Feldstein's testimony that "there will have to be a melding of views" between himself and Mr Feldstein. "One or the other of us will hava to give in," he said.

Meanwhile, in New York, Dr Henry Kaufman, the influential chief economist of Salomon Brothers, issued a forecast that the U.S. economy would grow by no more than 1 to 2 per cent during 1982 and that there would be no significant recovery in corporate liquidity, consumer spending or capital investment.

Dr Kaufman said that this slow recovery would enable interest rates to continue falling sharply over the next 12 months, but that yields would never-the less remain high in comparison with the recessionary periods in previous business cycles.

In his testimony, Mr Feldstein said that interests rates would possibly rise temporarily as the economy began to recover, but that these increases would "dampen recovery" rather than preventing it altogether.

GEC subsidiary charged over Pemex payments

BY PAUL BETTS IN NEW YORK

THE U.S. Justice Department has formally charged a U.S. subsidiary of GEC, one of Britain's largest manufacturing companies, with allegedly taking part in a scheme involving improper payments to Mexican national oil company officials in return for contracts.

The department, which earlier this week linked the subsidiary, Ruston Gas Turbines of Houston, to the improper payments scheme, has now filed charges against the company in a federal court in Houston. The Houston company is expected to enter into a plea bargain agreement with department prosecutors.

The charge against Ruston is the second to be filed by the department in its investigation of alleged improper payments by U.S. companies to officials of the Mexican national oil company Pemex.

On Monday, C. E. Miller Corporation and its chairman Mr Charles Miller pleaded guilty to aiding an illegal foreign payment in connection with Pemex contracts.

The scheme in which Ruston is allegedly implicated involves three companies—Crawford Enterprises of Houston, Solar Turbine, a former subsidiary of International Harvester, and Ruston—which the department alleges paid almost $10m (£5.8m) to two former Pemex officials to gain $225m in contracts from Pemex.

C. E. Miller and its chairman were accused by the department of aiding and abetting the alleged bribery scheme.

Under the 1977 foreign corrupt practices Act, a company faces a maximum fine of $1m if found guilty of improper payments while an individual faces up to five years in prison and a $10,000 fine.

In its case against Ruston, the Justice Department alleges that on January 8, 1978, a Ruston vice-president flew from Houston to Mexico City "in furtherance" of an illegal payment involving, the department alleges, 5 per cent of an unspecified Pemex contract for gas turbine compression systems.

Ruston declined to comment on the charges. But the fact that the charges were filed in the form of a so-called criminal information suggests the defendant has waived the right to have the allegation go before a grand jury.

When charges are filed in the form of a criminal information it usually means a defendant will plead guilty or will not contest the charge.

THE BEST THINGS ARE WORTH WAITING FOR

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Falklands air service still sought by Britain

By Hugh O'Shaughnessy

BRITAIN has so far failed to secure rights for a regular air service between the Falkland Islands and the South American mainland.

According to Lord Shackleton's economic study of the islands published last week the establishment of a regular civilian air service is crucial to the economic development of the Falklands.

Efforts to secure rights have included approaches to Chile, Uruguay and Brazil and the offer of a suitable British aircraft on favourable terms to TAM, a small Chilean airline based in Punta Arenas.

Despite the lack of success so far there is an indication that Brazil may eventually grant facilities, perhaps in exchange for some quid pro quo which would be of use to the hard-pressed Brazilian economy.

Britain has complained to tha Begin government about the sale of a number of Israeli fighter aircraft to Argentina last month to replace losses suffered by the Argentines in tha Falklands war.

There was no comment from government or diplomatic officials in London yesterday on reports that Britain had supplied 12 Hunter aircraft to the Chilean air force during the Falklands conflict.

The General Assembly of the UN decided on Wednesday to debate the Falklands issue following a motion by Argentina and 19 other Latin American countries.

The British delegation is expected to use the debate to seek further condemnation of Argentina's invasion of the islands in April.

The Falklands issue also figures on the agenda of the UN decolonisation committee which this session will be presided ever by Cuba which gave strong support to the Argentine invasion.

Ecuador 'paralysed' by strike

By Sarita Kendall in Quito

THE FIRST DAY of a 48-hour general strike called by Ecuador's main trade unions brought arrests and skirmishes as strikers set fire to barricades and blocked roads.

Labour leaders claimed they had managed to paralyse most cities but shops, banks and public offices were open and many factories were operating normally.

The union federations are demanding a 75 per cent increase in the minimum wage and the freezing of prices of basic foodstuffs and services.

Though the Government has offered to negotiate on some points, the administration's immediate concern is to refinance its foreign debt and cover a huge budget deficit.

Crude oil export earnings have fallen this year, and there will be a current account deficit of about $1.3bn (£756m).

However, new oilfields are being brought into production, and exports are to be raised by abont 20,000 b/d from next month.

Reagan plans businesslike administration

By Reginald Dale,
U.S. Editor, in Washington

THE Reagan Administration is to be run like a private business. That's now official.

Under a "major management reform package," announced this week, the Administration says it is aiming to make government operate as efficiently as the Exxon Corporation. It admits, however, that it will take six years to get its boardroom act assembled.

The new management style, announced in a plan called "reform 88," was said by Mr Ed Meese, the White House counsellor, to be a tep Reagan priority. The president wanted lo endow the American people, "as part ef his legacy," with a businesslike government, he said.

The Office of Management and Budget said government management techniques had fallen as much as 10 years behind the private sector. Government compnters do not even talk to each other any more, it said.

The government, says the office, is weighed down by a "morass of systems that are frequently incompatible, redundant or obsolete." It has 16,000 computer systems and 325 agency accounting systems — all basically incompatible — and far too many luddite messengers, who still actually carry messages.

Needless to say, a lot of people are to be recruited to work on trimming back evermanning and inefficiency. Mr Meese is to preside ever a task force of 33 senior managers from 13 agencies

William Chislett in Mexico City, assesses the mood of the world's largest debtor

IMF monetarism raises Mexican passions

AN UGLY MOOD is developing in Mexico against the International Monetary Fund (IMF) just as the world's largest debtor negotiates an economic stabilisation programme with the Fund to get itself out of hock. Mexico stands to receive a $4.5bn (£2.64bn) facility from the Fund.

Third World governments, in general, have no love for the IMF, which they view as a mercless banker foreclosing oo an innocent victim. But Mexico, to judge by the aggressive speeches against the Fund made by trade union lesders and tbe left-wing opposition, and tbe vitriolic tone of the mainly pro-government Press, hates the IMF with a passion.

The international banking community, which is owed $80bn by the Mexican public and private sector, is alarmed by the prospect that the outgoing government of President Jose Lopez Portillo is going to play on anti-IMF sentiments and drag out tha discussions in the hope that it can win a lighter dose of deflationary medicine from its "recovery doctors."

In tbe process, Mexico could aggravate its already acute liquidity crisis and send greater sbock waves through the international financial system. Mexico's $60bn public sector debt is subject to a three-month moratorium on the repayment of principal, end arrears on interest payments, incinding the private sector, are reportedly aproaching $1bn. The commercial banks have made tha re-scheduling of their debts conditional on IMF agreement.

Sr Carlos Tello, the new head of the central bank, is an outspoken critic of the Fund's "monetarist" strategy. His unorthodox policies, particularly that of bringing down interest rates at a time when inflation is rising in an attempt to stimulate the economy, are not endearing Mexico to the IMF.

Before Mexico nationalised the private banking system and imposed full exchange controls on September 1 (without informing the IMF), the Finance Ministry was confident that agreement could be reacbed by early October. This is now expected to be delayed until late November or December, by wbtch time Sr Miguel de la Madrid, the new president, will bave taken office.

Tbe President's party, the broadly based Institutional Revolutionary Party (PRI), bas been in power for 53 years.

President Lopez Portillo, a lofty individual, started his administration in 1976 with a $1.2bn IMF agreement. He is now leaving office with another fund agreement. This rankles with him say political observers, since it is a recognition that his economic policy was seriously flawed. Mexico's four-year economic boom, from 1978 to 1981, was largely financed from extravagant foreign borrowings at crippling rates of interest and on the back of grossly over-estimated oil revenues.

Mexico must now take draconian steps to put its house in order and the social impact of lhe measures could be explosive in such an unequal society. Many of the 4m new jobs created over the last four years will be lost and there will be no new employment. Subsidised food prices and public transport will increase. Taxes will rise and public expenditure will be severely curtailed.

This is bad enough for the Government were it taking the steps of its own free will, but the measures will be to some extent dictated by the IMF. Senior officials fear thal measures taken with lhe Fund's seal of approval are mucb more likely to upset the country's delicale political balance.

Like most Third World governments Mexico regards the IMF as the "arm of imperialism." Mexico feels Washington's presence more acutely than any other developing nation because it lives next door to the U.S., which took away half of its territory in 1848, as Mexicans never tire of reminding themselves.

Relations between the two countries are going through a stormy patch at the moment despite the fact that Washington moved very quickly last month to obiain almost $3bn in energy, agricultural and Federal Reserve credits for Mexico. The Mexican government was infuriated by a recent U.S. State Department document on its financial crisis whicb concluded that "with the wind out of its sails Mexico is likely to be less adventursome in its foreign policy and less critical of ours."

Sr Lopez Portilla deliberately weot out of his way oo September 1 to stress that Mcxico would not renounce its support for revolutionary movemeots in turbulent Central America, against whlcb U.S.-backed military régimes are figbting. Last week's Independence Day celebrations, the largest ever, wben Mexican nationalism reaches fever pitch, sbould bave left nobody in doubt that Mexico has a prickly sense of sovereignty.

The Government also fears that, through an IMF agreement, the country will be pressured into selling more oil to the U.S. and so used by Washington to undermine Opec. Mexico, whicb is not a member of Opec, is now the largest single supplier of oil to the U.S. The U.S. Treasury Department expected a very favourable deal from Mexico last month whcn its hard currency reserves were almost depleted. Pemex, the state oil monopoly, agreed as of October to sell the U.S. strategic reserve a further 110,000 b/d of light Isthmus oil at several dollars below its official price of $32.50.

It has long been the dream of Washington to secure a lot more of its oil from its neighbour and cut down supplies from the unstable Middle East. But this ambition runs right up against Mexico's desire to reduce its dependence upon the U.S. Mexico is now selling more than balf its total 1.65m b/d of exports to the U.S. and this contravenes its national energy plan.

Equally, the Government is afraid that the IMF will push Mexico into joining the General Agreement on Tariffs and Trade (Gatt) by insisting that the highly protected economy ba liberalised. Any changes in foreign, trade or oil policy are highly sensitive issues in Mexico and lay the PRI open to charges by lhe left and hy sectors within its own ranks of "selling out" to lhe U.S.

The highly pragmatic PRI has long co-opted thc left, but the nationalisation of the banks, which represented a radical departure from government policy, has won the Government immense acclaim from the left and earned the Government a breathing space. Political reform in 1979, bowever, has enabled the left to become better organised, and it will seek to make as much political capital as it can out of the IMF agreement.

The linchpin of the long-established political system is the trade unions. The Government will need their support more than ever to implement Fund measures. The unions ara a vulnerable sector since they will, as in 1976, have to bear the brunt of tbe sacrifices. One of the great uncertainties is whether the unions will tow the line as they did under tba last IMF agreement, or whether they will start to break away from the PRI.

One key Mexican official involved in the IMF discussions regards Mexico's position as a "test case" for future relations between the Third World and the IMF. "The traditional IMF medicine simply will not wash in Mexico," ha said. "We have to keep growing to solve our chronic unemployment. Reason must prevail."

Move on banks

The Mexican Association of Bankers plans to seek an injunction against the presidential decree nationalising the country's banking system, AP-DJ reports from Mexico City.

The association's president, Carlos Abedrop Davila, said 21 of the most important banks decided after a long meeting Tuesday to initiate the court action to protect their interests.

But President Jose Lopez Portillo, in a move to make reversal of the nationalisation difficult, asked Congress on Wednesday to amend the Mexican constitution to incorporate the takeover of the banks.

Cartoon hy a leading Mexican cartoonist Naranjo in the weekly magazine Proceso

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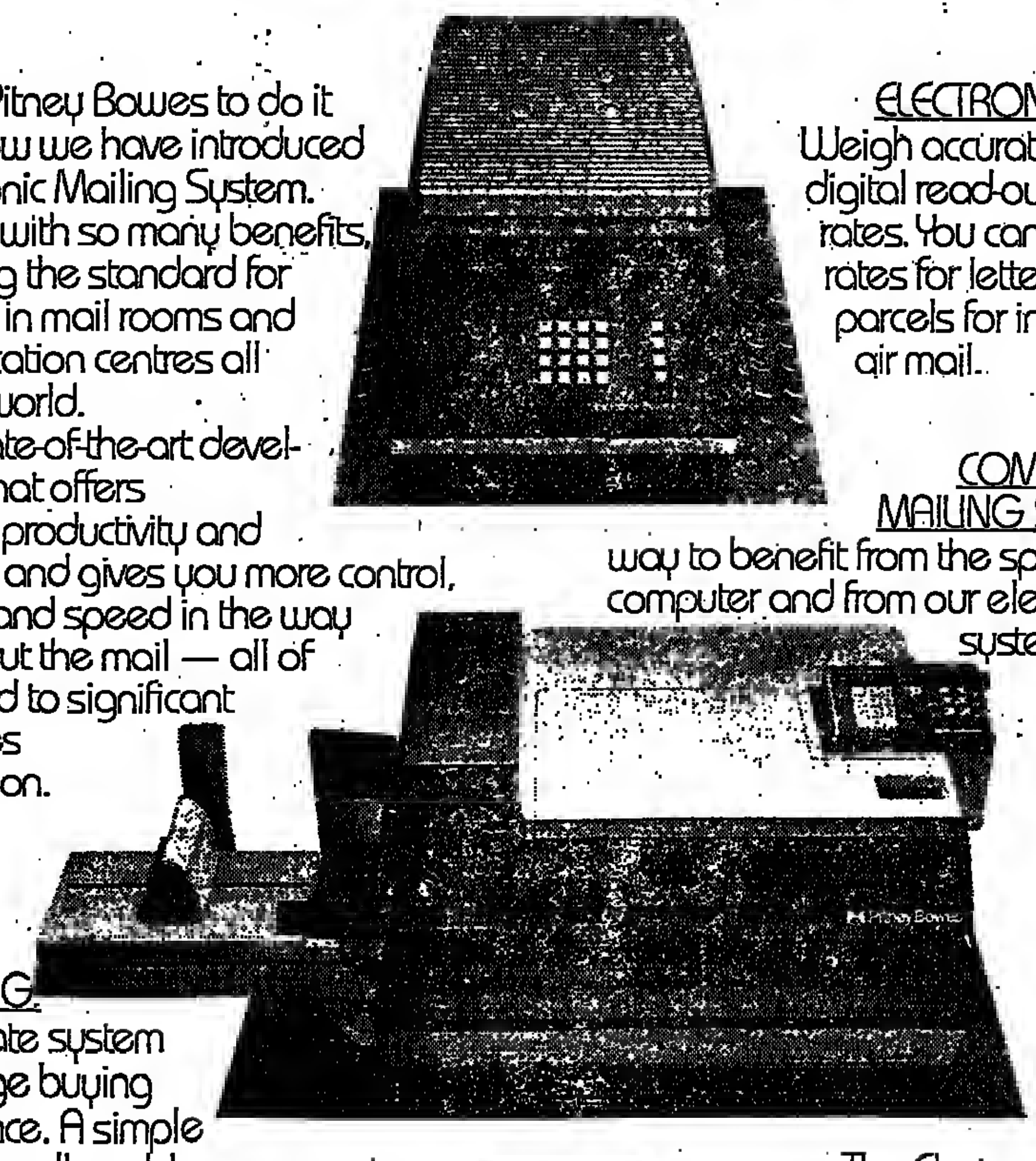

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OVERSEAS NEWS

Recession puts labour relations to test in Eastern Cape

BY J. D. F. JONES, RECENTLY IN THE EASTERN CAPE

RECESSION is now biting painfully on South African industry, and the worst is still to come. Is it going to provoke a militant reaction from the black workforce? Or might near-zero growth, empty order books, widespread layoffs and 14 per cent inflation give the initiative back to management?

Two excellent test cases have emerged in the Eastern Cape, in the two key areas of the motor industry and the harbours.

This is the region where the "volatility" of the black workers has been famed since the strikes of 1980. It is the area where the new black unions have been organising energetically, and also where the security police—helped by the anti-union leaders of the so-called independent state of Ciskei—have been harassing union leaders pitilessly.

Yet in two major disputes, despite fears of escalation and even of international involvement there has emerged—as of this moment—a curious stand-off.

The motor industry is all-important to the Eastern Cape. In the Port Elizabeth-Uitenhage area, for example, the assembly plants of the three wholly-owned subsidiaries of Ford, General Motors and Volkswagen, with their associated industries, dominate the region's economy.

The South African motor trade has been holding up surprisingly well but the downturn is inevitable and, more relevant, the Eastern Cape share of the market has been falling alarmingly—to 37 per cent in January-July compared with 45 per cent a year ago.

As long ago as May, the managements were warning the unions of trouble ahead, and there has since been a mix of retrenchments (500 at Ford, for instance, and 300 at Volkswagen), four-day weeks (at Goodyear and Firestone) and so on.

Nevertheless, when the two-year contract came up for renewal, the National Automobile and Allied Workers' Union (NAAWU) asked for a 75 per cent wage increase. Managements insisted they could not talk in these terms, and the dispute simmered through July and August, with 10,000 out on strike at various times and the companies keeping the plants closed for up to a week at a time and running off stocks.

The union eventually backed off from its hourly claim of R3.50 to R2.50. The managements who negotiate jointly, unilaterally implemented a wage increase from R2 minimum to R2.20. The assembly plants have been working normally again.

NAAWU's response has been to withdraw from the industrial council system and to propose separate in-plant negotiations with the three companies.

The companies do not mind moving outside the industrial council—it will give Ford, for example, the chance to bring its own largest union Macwusa—the Motor Assembly and Components Workers' Union—which is not part of the industrial council system, into the negotiations. But they are insisting that they will only negotiate jointly. There is deadlock, but no sign of great tension. The NAAWU ultimatum on this point of inplant bargaining has just expired.

Meanwhile, there has been an important battle about principle going on in Port Elizabeth harbour, in which the Eastern Cape employees have made no secret of their disagreement with the employer in question—South African Transport Services (Sats) the enormous parastatal, which runs the country's railways, harbours and airline.

After their experiences of the last few years, the Eastern Cape managements by and large have been converted to the idea that black unionisation must be understood and accepted.

They have, therefore, been appalled to find that down on their waterfront—Port Elizabeth is the republic's third biggest harbour—Sats was adamantly refusing to talk to, let alone recognise, General Workers' Union (GWU), although there was little doubt about the GWU's adequate representation and its leadership was generally thought to be more sensible and constructive than most.

This union hardly deserved criticism for hastiness—the argument has been going on for 11 months—or for excessive demands. It has never asked for negotiating rights on salaries, for example, since it agrees that it does not have the national strength to justify this.

But the risk was that Port Elizabeth harbour would be closed down by any dispute, and that would close down the economy of the region—the motor industry, for instance, could scarcely manage for a few days without its supply of containerised components.

It is hard to escape the feeling that there must be a wider, and political, element in the Sats position. At the highest level of management, Sats must be aware of the need to move with the times. On the other hand, the railways have historically been the bastion of white, or rather Afrikaner, job security.

The National Party government is contesting a major right-wing breakaway movement. To those white voters tempted to join the new Conservative Party, a Sats willingness to deal with an independent and "radical" black union would confirm the worst suspicions.

Therefore, Sats insists that it has a perfectly adequate representative structure through its system of staff associations, and in this case the Black Staff Association with a 68,000 membership.

It is also hard to disagree with the view of some local industrialists that the GWU made a tactical mistake when it implemented a go-slow by its Port Elizabeth dockworkers last month.

This may have played into the hands of the hardliners in Sats, which promptly dismissed 400 men out of the total force of 850.

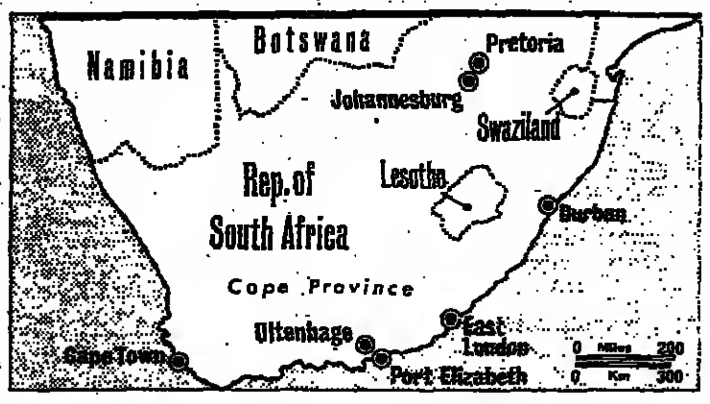
There were immediate fears that the harbour would not be able to operate, that the union would be provoked to call out its members in East London, Cape Town and Durban, and—the worst fear of all—that the International Transport Workers' Federation, which had been urging the government and the Sats to talk to the GWU, would start blacking cargoes to South Africa.

Yet, again, there has been a curious stand-off. The dispute seems to have moved behind closed doors. The union is playing it cautious—for example, it has told its stevedore members not to come out in sympathy.

It has been careful not to threaten action, or launch go-slows, in other ports. There are 400 unemployed men still hanging round the Port Elizabeth townships or drifting back to poverty of their homeland villages, but Port Elizabeth harbour is still apparently functioning.

On the surface the only change has been an announcement by Sats that it has set up a "committee of investigation into the staff associations." The GWU, it is agreed, will be able to give evidence to that committee. The union has replied by welcoming this step as a "critical element in the resolution of the current conflict."

You can interpret all this in three ways. Has it been a story of strong management standing up to irresponsible unions, and winning? Or is it the impact of the recession, weakening the resolve of the new black unions? or has it been commonsense—so far—on both sides?



China 'must recover Hong Kong sovereignty'

BY TONY WALKER IN PEKING

CHINA MUST recover sovereignty over Hong Kong, Zhao Ziyang, China's Premier, said in Peking yesterday.

It was the first time that a member of the present Chinese leadership has stated bluntly that China must exercise its sovereignty over the colony.

"Of course, China must recover sovereignty," Mr Zhao said before beginning talks in the Great Hall of the People with Mrs Margaret Thatcher, the British Prime Minister.

But the Chinese leader added: "The sovereignty issue does not affect Hong Kong's prosperity.

"If China recovers sovereignty it will certainly take a number of measures to guarantee Hong Kong's prosperity and stability," Mr Zhao added. He did not elaborate.

The sovereignty issue is the most delicate in discussions between the two sides. China claims sovereignty over both Hong Kong island and the New Territories, which make up about 90 per cent of the area administered by Hong Kong.

Britain, however, claims Hong Kong island in perpetuity. The British lease on the New Territories expires in 1997.

Investors in Hong Kong are extremely nervous about the future and both the property market and the stock exchange are showing signs of strain.

Mrs Thatcher and Mr Zhao yesterday held more than two hours of talks, most of which were devoted to Hong Kong.

A British official would not be drawn on the details of the discussions.

The official said the British were "anxious," to maintain stability and prosperity in Hong Kong.

Mrs Thatcher is not scheduled to have another round of formal talks with Mr Zhao, but she will discuss the Hong Kong issue again when she meets Deng Xiaoping.

Mrs Thatcher discussed trade matters with Mr Zhao yesterday. She mentioned British hopes of supplying defence equipment and its interest in seeing a British company involved in the proposed $5bn Guangdong nuclear power station.

Mrs Thatcher pushed British products in an effort to reverse the dismal trend for Britain in its trade with China.

She is believed to have focussed on prospects for British defence sales to China in addition to the Guangdong project.

Figures released recently by the Department of Trade show that since 1979 when Britain recorded a surplus on its trade with China, the balance has swung heavily against it.

In the first seven months of this year British exports to China totalled £52.3m against imports of £121.2m. The trade balance in 1979 was in Britain's favour by some £75m on exports of £213m and imports of £138m.

China announced recently that it would go ahead with the Guangdong reactor; but contracts have yet to be negotiated with suppliers. The General Electric Company of Britain is a front-runner to supply turbines for the power station.

The Chinese are proposing that twin 900 MW pressurised water reactors be constructed to supply power to Guangdong province.

Mombasa refinery shut down

NAIROBI — Kenya's only refinery, which provides petroleum products for neighbouring Uganda, Rwanda, Burundi and parts of Zaire, shut down after running out of crude oil, its general manager was quoted as saying yesterday.

Mr G. J. Luijk told the Daily Nation newspaper that the East African Refinery, located in the Indian Ocean port city of Mombasa, closed on Wednesday, the first time it has ceased operation since opening in 1963. It had been producing about 10,000 tons of petrol a day.

Earlier, Western diplomats said Kenya had suspended shipments of diesel fuel to Rwanda and Burundi because of a shortfall in diesel stocks for domestic use.

The Daily Nation quoted unidentified sources as saying that oil distributors had sufficient stocks to carry them through the refinery shutdown. However, some filling stations in Nairobi and Mombasa have already closed.

The newspaper also reported that a tanker carrying 58,000 tons of crude oil was expected in Mombasa shortly.

The diplomats said the shortage resulted mainly from the Kenyan central bank's cutback in approving licences to oil-importing companies to use foreign exchange to buy foreign oil. Kenya has no oil resources of its own.

The Energy Minister, Mr Gilbert M'Bijjewe announced on August 19 that the Government was trimming oil imports by 10 per cent to conserve fuel and Kenya's foreign currency reserves. Kenya's oil imports in 1981 cost around $400m, out of a total import bill of about $500m.

AP-DJ.

Angola plans to produce ore and aluminium

LISBON—Angola is trying to resume iron ore production in 1983 after a seven-year break, despite South African bombing raids on its southern mines, according to Jornal de Angola, the official newspaper.

Angola, which has signed a contract with the Austrian company Austro-Mineral to revive its Cassinga mines in the southern province of Huila, aims for an annual production of 1.1m tonnes of high grade hematite. This compares with iron ore exports of 6.3m tonnes, mostly to Japan and West Germany, in 1973—the last normal year of production before Angola's independence from Portugal.

Novembre, the semi-official Angolan monthly, said mining operations were paralysed by a South African bombing raid in May.

Angola's biggest hopes for iron ore development are pinned on the Kassala-Kitungo deposits in a politically much safer area north of the Kwanza river. According to Austro-Mineral, the deposit could yield 2m tonnes of ore a year.

Industry officials said the Angolans seemed keen to revive a pre-independence plan to produce aluminium near the deposit, using the untapped bauxite wealth of another former Portuguese colony, Guinea-Bissau.

The key to the plan is cheap energy from a $600m (£353m) dam to be built by the Soviet Union at Kapanda, on the Kwanza river.

Japan poised for defence talks in U.S.

TOKYO—Mr Soichiro Ito, Japan's Defence Minister, will tell Mr Caspar Weinberger, his U.S. counterpart, that Japan is ready to take steps toward improving its defence capabilities, Japanese national newspapers reported yesterday.

The two officials are to meet in Washington on September 30. Mr Ito leaves for the U.S. tomorrow.

The Press reports said Mr Ito will propose that the two countries this year start a study on the defence of Japan's sea lanes up to 1,000 miles from the country's shores.

Japan agreed at a recent meeting of the U.S.-Japan security sub-committee in Hawaii to make greater efforts to increase its sea lane defence capabilities.

Defence agency officials were not available to confirm the report because offices were closed for a national holiday.

Mr Weinberger and Mr Ito will also discuss defence technology transfers between the two countries and a U.S. request for expanded military facilities in Japan, the newspapers reported.

The U.S. has expressed a desire to make the technology exchange a two-way flow, instead of the traditional one-way flow from the U.S. to Japan.

Japan is the only major Western democracy which bans export of arms, arms components and related technology.—AP

Philippines row

Opposition politicians yesterday accused President Ferdinand Marcos of pushing the Philippines to the "brink of disaster" and urged Filipinos to unite against what they called 10 years of one-man rule, AP-DJ reports from Manila.

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Airline passenger traffic expected to double by 1995

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S airlines collectively expect that passenger traffic will more than double between now and 1995, despite the current recession which has severely eroded their financial situation.

The International Air Transport Association, representing 119 airlines throughout the world, says in a new study of long-term industry growth that traffic between 1980 and 1990 should increase by about 63 per cent, with growth between 1980 and 1995 amounting to 108 per cent.

The IATA study gives no figures for the volume of that traffic.

World scheduled air traffic last year, however, amounted to 728m passengers, according to the International Civil Aviation Organisation (the aviation technical agency of the UN).

On that basis, the world scheduled air traffic should amount (on the IATA forecast) to about 1.2bn by 1990, and to about 1.5bn by 1995.

There could be limitations to this growth, however, which the IATA lists in five main categories:

1—Opposition to airport development by environmental and other protest groups. Such groups are gradually constraining the use of currently available airport capacity "through an ever-spreading and ever-tightening system of airport curfews."

2—Lack of political will to co-ordinate military and civil air traffic, especially between neighbouring countries, leading to inefficiency in the use of air space.

3—Lack of finance available to governments, which could limit the speed at which modern technological equipment can be installed and made operational—a particularly serious problem in the developing countries. "In some parts of the world, the lack of trained and experienced manpower to maintain and operate the equipment compounds the problem."

4—Political disputes between adjacent countries which disrupt the air route structure. While these can be resolved by painfully slow negotiation, "they remain a source of restrictions" preventing the full exploitation of the world air transport network.

5—Difficulties over meeting individual airlines' scheduling requirements at airports, and matching these to public demand. Although these problems can be difficult, the IATA scheduling machinery has proved adequate to resolve them.

The IATA says that harmonisation of all the elements in the civil air transport system is essential if overall growth objectives are to be achieved.

"Developments in, for example, airport terminals and aprons, runway capacity, and air traffic control capacity must be co-ordinated so that no one element becomes a bottleneck.

"The same goes for the air route structure and the air traffic control system: developments in adjacent countries must be harmonised so that the capacity of an entire route—which may pass over a number of countries—is not restricted in any one of them.

"This harmonisation is obviously a very difficult task, since many developments, particularly at airports, have lead times of 10 years or more. Nonetheless, it must remain a prime policy objective."

The IATA study concludes by suggesting that jet fuel prices are likely to increase through the 1980s, in line with increasing costs of all energy supplies and the need for increasing investment in jet fuel refining facilities world-wide.

But it points out that if jet fuel prices are to be contained in any way, "an important strategic objective must be greater airline control over facilities for airport storage and uplift of fuel.

"At some airports, these facilities are now run by one or more fuel companies, whose quasi-monopolistic use of their ownership to exclude new suppliers must be checked."

Brasilia turns down private mining bids

By Andrew Whitley in Rio de Janeiro

THE BRAZILIAN Government has awarded responsibility for the mining of manganese from the giant Carajas minerals deposit in the Amazon to the state-owned Companhia Vale do Rio Doce (CVRD), which is already handling the much larger iron ore project.

At a meeting in Brasilia of the Greater Carajas Interministerial Council it was decided to turn down bids from the country's leading private construction and engineering companies in favour of the state-mining organisation.

However, among those interested in participating in the processing of Carajas' manganese are several private companies with foreign interests, including Nippon Kokkan of Japan. The Government has said that the private sector is welcome to handle the processing of the ore.

Carajas' manganese deposits are estimated at 60m tonnes. But according to Sr Nestor Jost, the executive secretary of the Carajas programme, CVRD will only be allowed to export up to a quarter of the total, with the remainder allocated for internal consumption.

UK pushes for Gatt deal on services

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE UK Government wants the world's trading nations to accept a standstill agreement to stop the introduction of further barriers to trade in services.

It is urging an examination of the General Agreement on Tariffs and Trade (Gatt) provisions to see how they relate to services and the building of a framework of principles to cover trade in services.

"The standstill" might at least be put into effect while the longer and more complex task of identifying and removing barriers goes on. This would not be unprecedented in Gatt," said Mr Peter Rees, the Minister for Trade, in a speech earlier this week.

His suggestion of a standstill adds an extra dimension to discussions already taking place in Geneva about the possibility of devising what is being called a ceasefire on measures of protection applying to trade in goods.

The ceasefire idea may emerge as a concrete commitment by the trading nations when Gatt holds a ministerial conference in Geneva in November. Formal preparations for this conference resumed in Geneva yesterday.

But Mr Rees stressed that only modest changes in the trading system are likely to be initiated at the Geneva conference. "I think we would be well advised to keep our sights low," he said.

He added that the EEC "has not so far been able to focus on its position" and noted that attractive and ambitious ideas for the conference are "likely to be stillborn" unless the EEC and the U.S. resolve their current differences.

But his speech, made at Lloyd's in London, was the most thorough exposition publicly so far about British expectations for the conference.

Taken in conjunction with remarks made by Lord Cockfield, the Trade Secretary, in Sydney, the focus of British priorities is aligned closely to the way in which the Geneva preparations are crystallising.

"The UK's own objectives include the strengthening of existing disputes procedures; a clearer operation of safeguards procedures; a study/programme on liberalising trade in services; a stronger understanding between Gatt and the developing world; and agreement on the draft text on discouraging the counterfeiting of goods," Lord Cockfield said.

Safeguards, disputes procedures and Gatt's relations with the developing countries are, with agriculture, at the centre of the preparatory work for the ministerial conference.

A draft anti-counterfeiting code has been in existence for some time and the issue first surfaced towards the end of the Tokyo Round multilateral trade negotiations during the 1970s. But many delegations in Geneva do not give it a high priority for the ministerial conference.

The Government's aim of seeing liberalisation of trade in services is long-standing. The firmness of Mr Rees's approach puts the UK firmly alongside the U.S. position.

The Reagan Administration has waged a vocal campaign for liberalisation, in the hope that a round of negotiations could start later in the decade.

But there is opposition among the developing countries in Gatt to extending the provisions outside trade in goods. The principles applicable to trade in goods are not those which can be applied to services, it is argued.

Developing country delegates have made it clear they will oppose even a study of trade in services. If the process starts in Gatt, it will continue, they contend.

There should be, rather, a specially-called international conference like the United Nations Law of the Sea conference.

But Mr Rees noted that three out of every five British workers are engaged in private or public services and that the private sector service industries earned £17bn in 1981. Worldwide though, "there is no effective framework of obligations to safeguard the free flow of services," he said.

Personally, Mr Rees would prefer an examination of problems done sector by sector, through shipping, insurance, banking and so on. But he conceded this might allow too many countries and industries to plead particular circumstances.

Tourists bring Italy £4.5bn

BY JAMES BUXTON IN ROME

ITALY EXPECTS to have earned almost L11,000bn (£4.5bn) from a very good year for foreign tourists in 1982.

Although the statistics for the number of tourist arrivals have not yet been calculated, the number of tourist/nights is expected to reach 100m, against 93m-94m in 1981. In the first seven months of the year, tourist/nights were up by 11.8 per cent on the 1981 figure.

ENIT, the Italian tourist authority, estimates the total foreign exchange earnings will amount to L10,800bn by the end of this year. This is 26 per cent more than the Bank of Italy's figure of L8,585bn for 1981.

The good season is attributed to several factors, of which the two most important are probably the weakness of the Italian lire against other currencies and the good publicity Italy obtained early this year with the freeing of General James Dozier from the Red Brigades.

Austria and Soviet Union sign electricity pact

MOSCOW — Austria, which imports oil and gas from the Soviet Union, has signed an agreement with Moscow to exchange electricity from 1985 to ensure better domestic supplies at times of high demand, Austrian officials said.

Austria will mainly deliver power to the Soviet grid in the summer, when its alpine hydro-electric plants are at full strength, and take Soviet supplies in the winter, Herr Johannes Zach, deputy director of the Austrian State Electricity Company, said.

Reuter

UK group set to design Iraq-Jordan water plan

BY ANTHONY McDERMOTT IN AMMAN

HOWARD HUMPHREYS, the British consulting engineers, has won a contract in Jordan worth a total of £435,000 to carry out technical and financial studies, for the preliminary design of a project to pipe water from the Euphrates River in Iraq to the northern towns and cities of Jordan.

While the contract, with which Howard Humphreys will be assisted by Merz and McLellan, on the electrical mechanical side, and by Peat Marwick Mitchell, on finance, is modest — 20 per cent is in Jordanian dinars — it has wider importance.

Howard Humphreys has estimated that if the full project goes ahead the final contract could be worth $1bn. It involves the construction of 650 km of pipeline across difficult terrain — the study will determine how many lines there will be. It is possible a disused oil pipeline from Iraq could be used. Other likely requirements are a pumping station and booster stations along the line, a terminal reservoir near Amman, with capacity of 20m cu metres, and a water treatment station. It aims to transfer up to 160m cu metres of water a year to north Jordan. The project will, in theory, be completed in 1990.

The project was made the more vital as a result of a cancellation of the $1bn Maqarin Dam project on the Yarmouk River, largely because of political strains since 1979 with Syria. It would have also required detailed negotiations with Israel.

Earlier studies have shown that Jordan has a growing water deficit. North Jordan alone, which is the centre of industrial, agricultural and domestic users contains something like 90 per cent of the population. In 1977 there was a surplus of 151m cubic metres a year. By 1987 this was projected as having become a deficit of 140m cubic metres, and by the end of the century 298m cubic metres a year.

In short, it is a project which will have to go ahead if Jordan is not to suffer a massive drought. It depends first on whether the money can be found, and secondly and equally important that relations with neighbouring Iraq remain as good as they are present.

U.S. to fund Chinese hydro-power study

BY ROBERT COTTRELL IN HONG KONG

THE U.S. Agency for International Development (AID) has agreed to provide $400,000 (£232,558) funding for feasibility studies of part of a hydro-electric development in Southern China.

Mr Eugene Lawson, U.S. Deputy Assistant Secretary of Commerce for East Asia and the Pacific, says the U.S. funding is for studies of the Tianshenggaio hydro-power project.

This project in turn forms part of a $6.7bn (£3.9bn) projected hydro-power programme in the Pearl River area. Mr Lawson says the study will involve U.S. companies.

The Commerce Department says China has requested World Bank financing for Tienshenggiao. The overall Pearl River programme calls for 10 dams over a 20-year period.

The programme would implement the hydro-power Protocol, one of 17 U.S.-China protocols concluded under the science and technology agreement of 1979.

Mr Lawson said he expected the Hydro-power Protocol to offer "significant commercial opportunities" for U.S. companies.

● Mr Burton Levin, U.S. Consul-General in Hong Kong, said yesterday that he expects U.S. oil companies to be "scrambling for the action" in the development of China's offshore oil reserves.

Mr Levin noted that Atlantic Richfield and Santa Fe Minerals had recently signed an agreement with the China National Offshore Oil Exploration and Production Corporation for exploration and production work off Hainan Island.

The deal was, he said, made outside the international bidding process now going on for foreign participation in Chinese oil, and was the first such agreement between a U.S. company and China. He expected more to follow.

Estimates of the eventual investment needed for China's oil programme range between $10bn and $20bn.

Mr Levin said that U.S. exports to China in the first seven months of 1982 totalled $1.98bn, while imports from China totalled $1.2bn over the same period. Five years ago, total annual two-way trade stood at $374m.

● The Export Credits Guarantee Department has guaranteed a £20m loan which Morgan Grenfell, acting on its own behalf and for National Westminster Bank, has made available to Acominas of Brazil. Acominas is 88 per cent owned by Siderbras, a government holding company. The loan will help finance a contract awarded to Davy McKee for the supply of an extension to a billet mill, part of the integrated steel complex under construction in Minas Gerais, Brazil.

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UK NEWS

Ford drops Cortina price as range is phased out

BY KEENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD GAVE another twist to manoeuvres in the new car market yesterday by announcing reductions averaging 10 per cent in the list prices of the Cortina range.

The reductions were made two days after the formal announcement that the Cortina is to be replaced next month by the Sierra.

Ford said earlier this week that Sierra list prices would on average be only 3.5 per cent higher than those for the Cortina and this message is likely to continue to influence potential Sierra customers because yesterday's price cuts will not receive the same publicity.

The Cortina list price reductions range from £382 to £703, but will have little impact in real terms because the Cortina has been heavily discounted for several months.

However, Ford has ended the bonus scheme which gave dealers an extra £350 on all Cortinas except the Crusader special version, so they will have less room to discount.

The dealers' margin on Cortina remains 18½ per cent compared with 16½ per cent for other models.

Ford said the price reductions were part of its programme to sell the last Cortinas.

The group has about 35,000 Cortinas left and expects to have sold them all by next February at which time production at the plants making Sierra—Dagenham, Essex, and Genk in Belgium—should be fully on stream.

That would involve sales of 7,000 Cortinas a month and would keep the model among the UK market leaders until next year.

To achieve its objective, Ford will have to sell the majority of the Cortinas—known as Britain's best-selling company car—to private individuals.

● Mr Harold Musgrove, chairman of BL's Austin Rover subsidiary, has written to the 37,000 employees warning them that, because the company missed its market-share targets in the first six months of 1982: "We must make savings in expenditure to balance the books by the end of the year.

"I am determined that we shall do exactly that—and towards that end no one in Austin Rover group will be spending a penny piece more than is absolutely necessary."

Austin Rover's six-month market share was 17.5 per cent compared with a target of 20 per cent, a short-fall of 19,500 cars.

CBI urges changes to early leaver pensions

By Terry Dodsworth

THE Confederation of British Industry called on employers yesterday to make changes in occupational pension schemes to cater fo rthe growing problem of early leavers.

Launching a guideline booklet for employers, Mr Bryan Rigby, deputy director general, said failure to act was likely to lead to legislation which might severely affect the viability of many schemes.

"We believe legislation is too blunt an instrument to take account of the great variety of people in the funds and the funds themselves," he said.

The CBI document follows a report last year by the Occupational Pensions Board which recommended that provisions for early leavers should be revalued up to a ceiling of 5 per cent a year as a minimum legal requirement. Since then, Mr Norman Tebbit, the Employment Secretary, has warned that the Government would be under pressure to legislate if industry failed to respond to the problem.

The CBI is backing a step-by-step voluntary approach in which companies would make changes tailored to the needs of their schemes. In particular it suggests:

● Elimination of the "franking" system, under which the guaranteed minimum pension is revalued but only at the expense of eating into the leaver's accrued benefit.

● Extending guaranteed increases given to pensions in payment to deferred pensions.

● Extending non-guaranteed reviews, which give ad hoc increases where the funds permit, to deferred pensions.

Ruling today over disclosure of ministerial papers on BAA

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CHALLENGE by the Department of Trade over the disclosure of ministerial papers to a High Court judge will be ruled on today.

Three Appeal Court judges will decide whether the department should disclose working papers detailing the formulation of government policy on the British Airports Authority. Mr Justice Bingham made the disclosure order last May.

The case is the most important test to come before the court of a government's right to stop its top level policy documents being disclosed as evidence in court cases, on the ground that such disclosure would be contrary to the public interest.

Mr Justice Bingham recognised, when he made the order, that "documents as close as these to the inner processes of government have never previously been ordered to be produced in litigation."

The consequences of production could be far-reaching, he said. However, his provisional view was that the documents should be put in evidence if justice was to be done. The order concerns a pending claim by 20 international airlines against the BAA and the Trade Secretary over increased landing charges at Heathrow.

The judge ordered the Trade Department to produce the 100 documents, detailing government policy towards the BAA between 1977 and 1980, for his inspection. Production of the documents was to ensure he could be satisfied his provisional view was correct.

The order was suspended when the Trade Department lodged an appeal against it.

The department argued at the appeal hearing in July that the airlines' attempt to force disclosure of the documents was no more than a "speculative fishing expedition" in an area that was not central to their case on the landing charges.

The airlines cross-appealed against Mr Justice Bingham's refusal to order production of about 150 other documents about the BAA, which passed between senior officials of the Trade and other government departments. They contended that all the documents were vital to their case as showing that the Trade Secretary had acted from an improper motive in imposing tough financial targets on the BAA which caused it to increase its charges.

That motive, alleged the airlines, had been to contain public spending and had nothing to do with BAA's performance of its statutory duties.

It has been arranged for the dispute over disclosure to go to the House of Lords for a definitive ruling—whatever the outcome of the appeal.

The substantive action over the legality of the Heathrow charges is not due to come to court before next year.

Scots TUC and Labour renew home rule call

By Mark Meredith, Scottish Correspondent

THE LABOUR Party and Trade unions in Scotland yesterday discussed proposals for a Scottish Assembly with a wide range of powers, and for extensive state intervention to generate industrial recovery.

State takeovers of private estates of more than 4,000 acres, controls over private sector investment, and a large programme of public works to create jobs formed part of a paper presented at a joint seminar of the party's Scottish region and the Scottish TUC.

The paper reflected the increasingly aggressive stand on home rule taken by some Scottish Labour MPs, who say that although the Conservatives rule the country, Labour continues to command 41 of the 71 Scottish parliamentary seats.

The paper said there was no place for separatism, but both the party and the unions strongly supported the idea of a democratically-elected Scottish Assembly "with meaningful economic powers."

It suggested that the Scotland Bill of 1978, introduced by the last Labour Government, could be expanded. The Bill suggests the Assembly would have legislative functions over health, social welfare, education excluding universities, local government, land use and development, roads, tourism and private and criminal law. The paper proposed that abortion, the universities and forestry should be included. It argued that there is also a case for agricultural policy and the role of the Manpower Services Commission to be devolved to Scotland.

The paper suggested special provisions for Scotland as part of Labour's economic strategy. It argued that private capital had failed to secure an adequate industrial base for Scotland.

The paper proposed strengthening the hand of the Scottish Development Agency, the semi-official industrial promotion body, to allow it to set up new industries and strengthen existing companies.

The agency would require access to company investment plans and production targets. Co-operation would be a condition for state assistance.

The growth of indigenous establishments was a priority. The paper said the future of Scotland could not be built on inward investment by multinational companies.

Among the public works programmes were plans for a phased electrification of the Scottish railway system, road modernisation, expansion of the Health Service, more aid for urban renewal and a new coal-fired power station for the Forth area, as well as the development of coal mining.

Esso pipeline starts service

By Michael Donne

ESSO PETROLEUM'S new £15m pipeline has been brought into service for Gatwick Airport and other areas of South-East England.

The 72-mile pipeline starts at Alton, Hampshire, as a spur from the pipeline linking Esso's Fawley (Southampton) refinery and Heathrow Airport.

The spur will supply up to 250,000 tonnes of jet fuel a year to Gatwick and transport 700,000 tonnes of petrol, paraffin and diesel fuel to Esso's distribution terminal at Purfleet, Essex.

Previously, jet fuel was supplied to Gatwick by more than 200 Esso trains a year.

The South-East pipeline project is part of a £1bn Esso investment programme for 1981 and 1982.

General Relay to merge three regional airlines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GENERAL RELAY, a Chester-based manufacturer of telecommunications equipment and the owner of Genair, has acquired all the ordinary shareholding of Lease Air and of Casair Aviation Services.

Lease Air trades as Eastern Airways, a regional airline in the Midlands and North-East.

The acquisition will result in the amalgamation of three regional airlines — Genair, Eastern Airways and Casair.

Mr Bryan Huxford, founder and former managing director of Eastern Airways, will be in charge of day-to-day running of the new joint venture. Management will be based at Humberside. There will be no redundancies as a result of the amalgamation.

Mr Jim Marsden will be chairman of the combined organisation; Mr Bryan Huxford and Mr Bob Marshall will be joint managing directors.

The combined organisation will have a fleet of five Short SD-330 30-seat aircraft, one Short SD-360 36-seater and four Brazilian Embraer Bandeirante 20-seat aircraft.

● Air UK starts a daily return service between Southend and Amsterdam on November 1. The airline will use Bandierante twin-turbo-prop aircraft.

● Manx Airlines starts flights on November 1 between the island and Heathrow, Liverpool, Belfast, Glasgow, Dublin and Manchester.

Charities in appeal for VAT exemption

BY MAX WILKINSON, ECONOMICS EDITOR

A GROUP of 80 charities, including most of the largest, wrote to Sir Geoffrey Howe, the Chancellor, yesterday asking him to exempt charities from Value Added Tax in the next Budget.

The group, led by the Spastics Society, says it has the support of more than 250 MPs for the campaign. It believes the cost of allowing charities to recover VAT payments would be about £30m a year, although the Treasury has estimated the cost to be substantially more.

The charities are conducting a survey among those which have supported the campaign, to estimate the cost more precisely.

Mr Tim Yeo, chairman of the group and director of the Spastics Society, said the burden of VAT fell very unevenly. Some charities like Oxfam, whose work was mainly overseas, escaped with relatively small VAT payments.

His society, on the other hand, which did most of its work in the UK, incurred relatively heavy VAT payments.

He said the charities would also make efforts to estimate the amount of tax relief they gained as a result of covenanted subscriptions. Through some official estimates had put this figure at about £30m a year, they believed the true amount was nearer £5m.

The group of 80 charities which signed the letter includes many of the largest. Representatives of numerous other charities have said they will consider joining the group. Signatories of the letter to Sir Geoffrey include the Cancer Research Foundation, the Royal National Lifeboat Institution and the Royal Society for the Protection of Birds.

Last year a much smaller group of only eight major charities pressed for remission of VAT on their operations.

They say that the strength of support for their cause is demonstrated by the fact that 260 MPs signed an early-day motion last year proposing remission of VAT for charities.

Top ICFC executive joins Royal Bank of Scotland

BY MARK MEREDITH AND WILLIAM HALL

THE ROYAL Bank of Scotland has poached Mr Robert Smith, a top executive from the Industrial and Commercial Finance Corporation (ICFC) to run its new merchant bank, which will be the biggest in Scotland.

Mr Smith, a 38-year-old Scot, is the latest in a string of senior ICFC executives who have left recently to join Scottish institutions. Dr George Mathewson became chief executive of the Scottish Development Agency (SDA) and Mr Donald Patience went to run Scottish Development Finance, the investment advisory arm of the SDA.

After training as a Scottish chartered accountant, Mr Smith joined ICFC in 1968 and is an assistant general manager. He will take up his new post at the start of next year.

The Royal Bank of Scotland has been reviewing for some time ways to strengthen its involvement in merchant banking. The appointment of Mr Smith, to one of ICFC's ablest executives, is an important coup.

The Royal Bank is soon to develop its existing corporate finance division intuo a new merchant bank but still has to agree on a name. The Bank of Scotland has been expanding aggressively its own merchant bank, British Linen Bank, and the Royal Bank, Scotland's biggest bank, has been less visible in this area than it had wished.

Petroleum futures trading 'next year'

BY RICHARD JOHNS

THE International Petroleum Exchange plans to complete a draft contract for futures trading in petroleum by the end of the year.

Opening this market will depend on the reactions of the trade and the necessary communications, Mr Peter Wildblood, secretary of the exchange, said yesterday.

Agreement on specifications and delivery systems could lead to the beginning of transactions next year. In the meantime the exchange is also examining the possibilities for a London futures market for residual fuel oils and crude.

So far oil trading on the London futures market has been limited to the gas oil market started under the aegis of the exchange in April 1981. In spite of a slackening demand for oil, the volume of business is reckoned to have expanded far more rapidly than for any other commodity.

In this financial year an average of 2,000 lots of 100 tonnes each has been traded, with peaks of 5,000 lots.

The trading outcome for 1981-1982, the first year of operations, was 300,000 lots—amounting to 30m tonnes or about 10,000 barrels a day.

The New York Mercantile Exchange, meanwhile, hopes to start trading in crude oil from January. This was revealed in London on Tuesday by Mr John Treat, president of the NYME, who said it was also looking at other products and tanker charterings.

Speaking to the Oil and Money in the 1980s conference organised by the International Herald Tribune and Oil Daily, he said that 7m barrels a day or products are being traded in the NYME.

It started with gas oil but subsequently diversified into petroleum and heating oil. The volume of petroleum contracts had expanded eight-to-nine times as fast as heating oil.

Plea for change in Spain-UK tariff levels

By Gareth Griffiths

ENGINEERING COMPANIES want the Government to reduce the difference between Spanish and UK tariffs on mechanical and metal goods, to help the UK's depressed motor components sector.

The Council of Mechanical and Metal Trade Associations, in a submission to the Department of Trade yesterday, argued that the Government should either act nnilaterally or through the European Community.

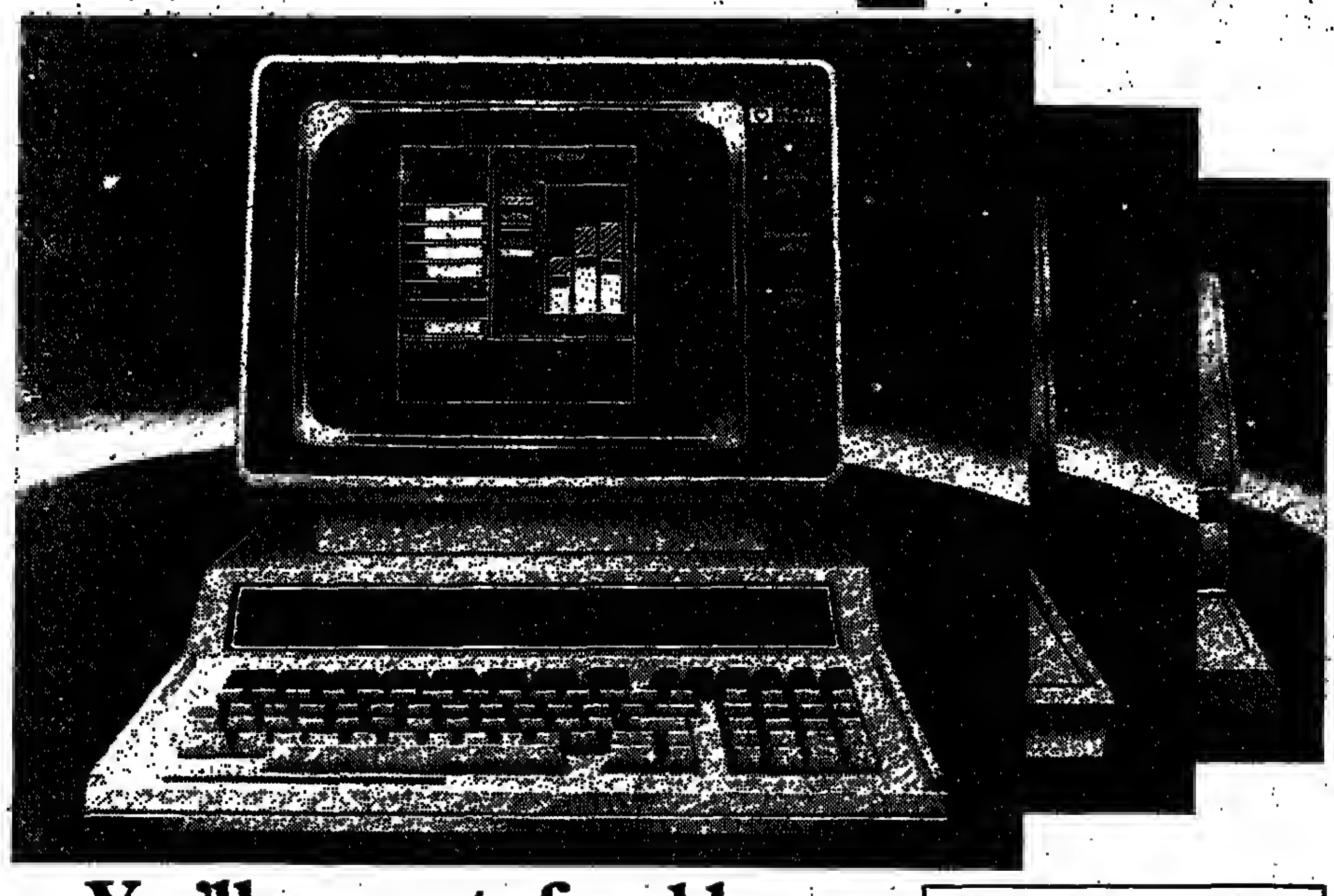
It said UK manufacturing exporters faced a combined import duty and home compensation tax of about 34 per cent in contrast to the Spanish metal and mechanical goods import tax of between 18 and 25 per cent.

Automotive components made in the UK and sold in Spain carry a final price which is 43 per cent above the ex-works pre-tax price compared to a mark-up on Spanish goods of 23 per cent. UK goods enjoy a much smaller price advantage in the British market.

The balance of trade in engineering has shifted markedly between the two countries. In 1980, the UK exported £251.9m in metal goods, machinery and transport equipment to Spain and imported £282.1m. In 1970 when the present tariff agreement was signed, Spanish engineering exports were £7.849m

The Financial Times apologises to the Institute of Chartered Accountants England and Wales and the successful candidates for the error in yesterday's paper

The New HP-86 Personal Computer



With a basic price of *£1314 (disc drive, display monitor extra), Hewlett-Packard's new HP-86 is an affordable personal computer whose solutions expand right along with your needs.

Presentation graphics solutions.

Sales charts to organisation charts, you'll be able to create a variety of visuals to help get your ideas across. And you can do it in minutes.

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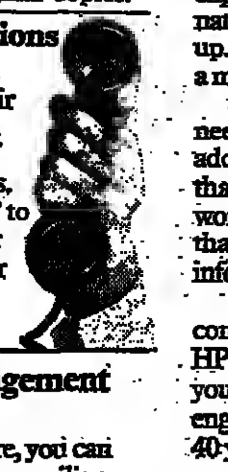

You'll have armchair access to news retrieval services or a number of other information bases. When you want to 'talk' to large computers at your branch offices or at your client's offices, you can do that, too.

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With HP-86 software, you can custom-design files, from mailing lists to complete personnel or accounting records. Retrieving, updating and sorting such information has normally been possible only with larger computers.

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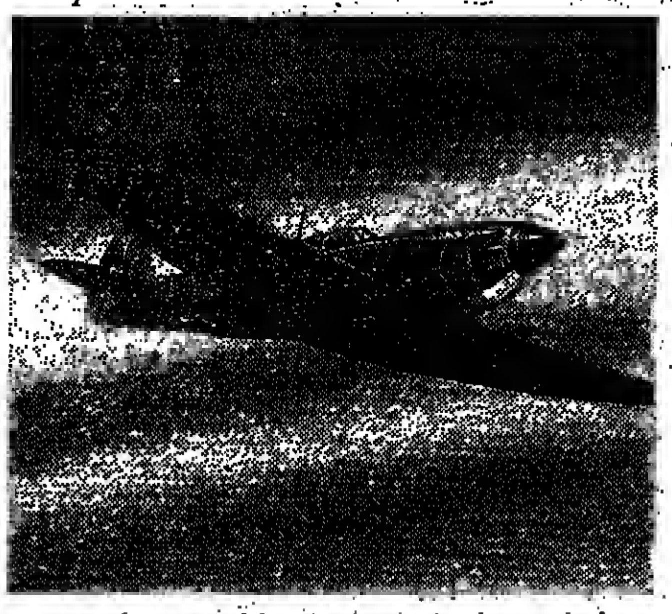
The health and wealth of the nation

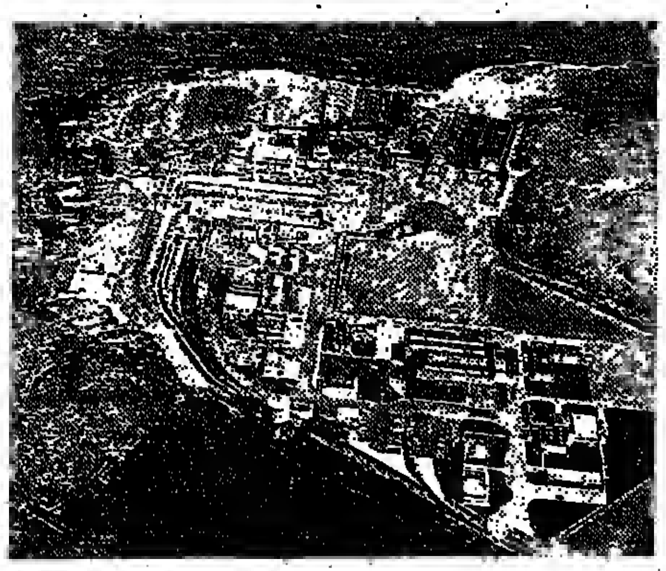
The health and wealth of our nation is the sum of many different parts. One of which is a compound called lead alkyl, a vitally important material blended into petrol.

Associated Octel, a British company, is the world leader for lead alkyl products. Octel exports over 80% of its production and by any standard is a major British success story.

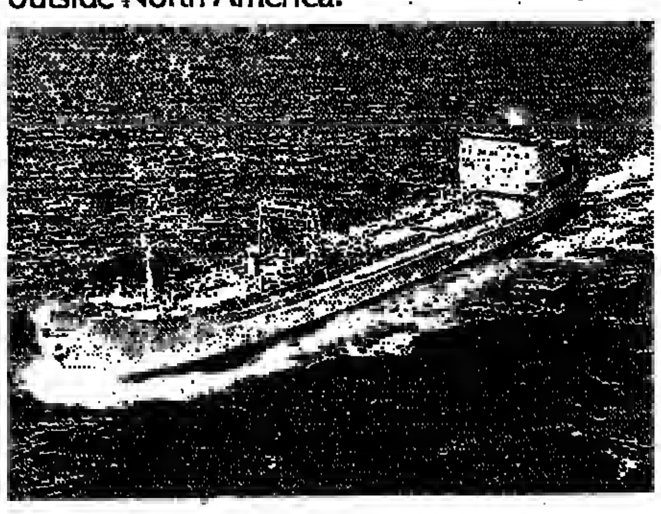


Before World War 2, Britain depended on the USA for lead alkyl products. Without them the RAF could not have flown. Aircraft like the Spitfire were powered by supercharged engines like the Rolls Royce "Merlin." Lead alkyl compounds blended in their fuel were vitally necessary.

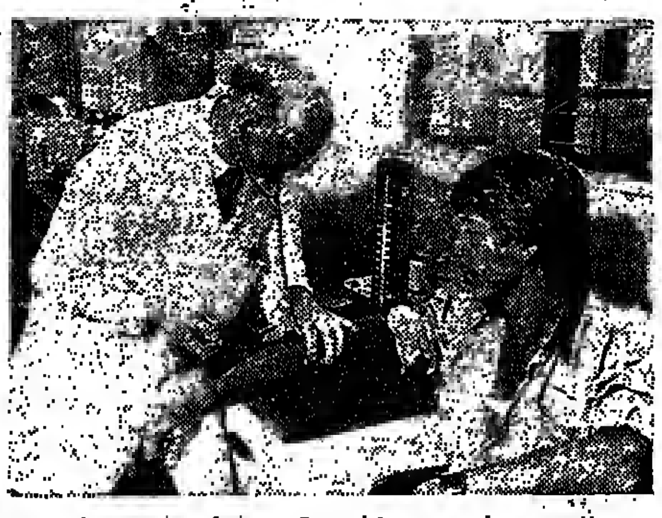
Fearing the US supplies might cease with the coming war, the Air Ministry pressed for home production as soon as possible. A plant at Northwich was built and began to supply Air Ministry fuel depots by mid 1940 . . . just in time for the Battle of Britain.



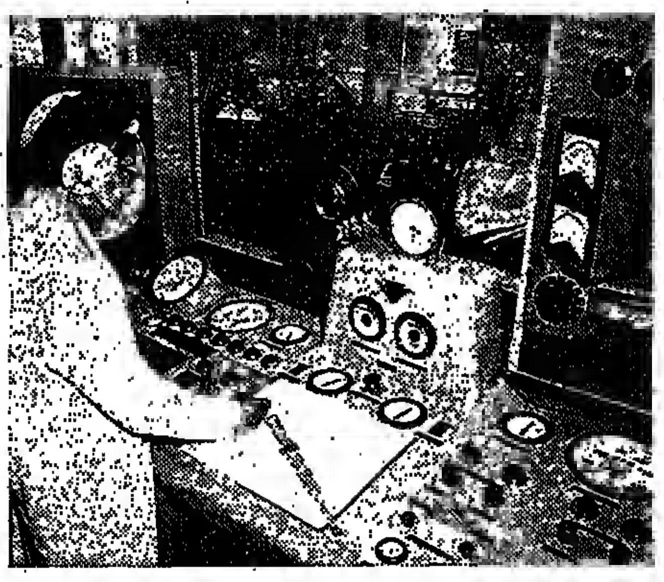
Today, Octel has plants in Ellesmere Port, Northwich, Amlwch in Anglesey, and an engine research laboratory at Bletchley. Associated companies operate in France, Germany and Italy. The Octel Group supplies approximately 70% of all alkyl products used outside North America.



Octel is one of the UK's top exporters, and has twice received the Queen's Award for Export Achievement: firstly in 1976 and again in 1981. Last year, Octel exported 82% of its UK production with a market value exceeding £100 million. Octel consistently features in Financial Times Top 100 UK Exporters List ranking 48th in 1981.



In 1981 alone, Octel invested £5 million in research and development. Of that total, 60% was spent on health, safety and the environment, underlining Octel's consistent record of concern for the health and wealth of the nation.



Over £1½ million of the above sum was allocated during 1981 to our engine laboratory at Bletchley. Here, fuel and engine efficiency is researched and development work continues on lead tolerant catalysts, exhaust gas filters and car exhaust emissions.

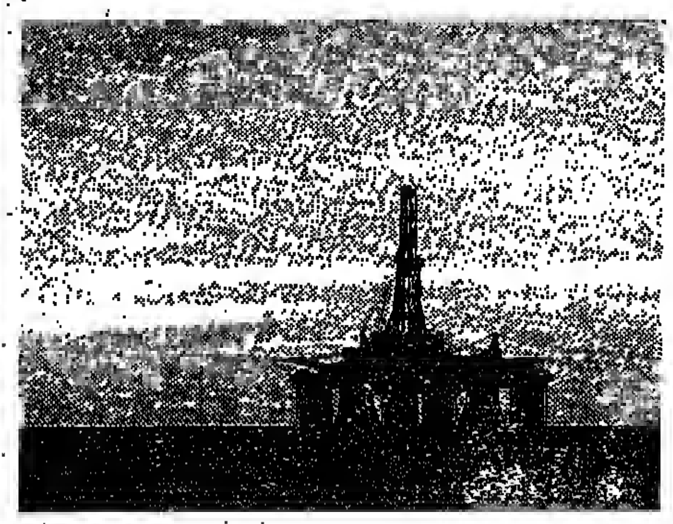
Leaded petrol and its effect on the environment is a highly emotive issue. Child health features large within this.

Octel can state with absolute conviction that the assertions of the anti-lead campaign regarding a connection between airborne lead and health—and childrens health in particular, are unsubstantiated medically or scientifically.

Octel's responsibilities begin with the health and safety of its own employees, some 2,800 of them in the UK alone, and their families.

Octel's plant at Ellesmere Port employs a sizeable proportion of the Company's employees. Throughout all its plants, and the World at large, Octel has consistently advocated safety standards which ensure the maintenance of controlled working conditions, safeguarding a first-class safety and health care record.

Complacency has no place in protecting our environment. Octel understands not only the unique importance of lead alkyl-compounds in stretching our precious oil reserves—but also the need for environmental protection.



Octel probably understands the lead issue better than anyone. Consistently, Octel has demonstrated the ability to safeguard the health of workers and customers long before leaded petrol became an issue.

The fears that have been expressed about the amount of lead escaping into the atmosphere from car exhausts are well appreciated by Octel. If people would still prefer to see lower levels of lead in the atmosphere, this is possible **without** reducing the lead content of petrol.

A viable solution should this ever be proved necessary, now exists in the form of an almost totally efficient exhaust gas filter.

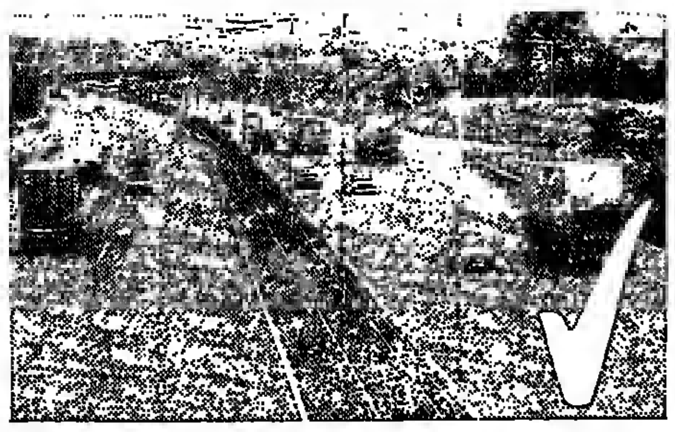
Without lead in petrol tomorrow, the roads of not only Britain but most of the World could be empty. The type of cars most of us run today couldn't run at all. Does this make any sense?

Lead is added to petrol to increase its octane rating, that is to bring it up to the level of 4-star petrol, the kind most of us use in our cars today. Without lead, we would only be able to manufacture 2-star petrol.(1)

High octane petrol resists engine knock and enables the compression ratio of car engines to be increased, which in simple terms means that they operate more efficiently, giving us better performance and more miles to the gallon. In addition, the use of lead means that less crude oil is needed in the refinery to manufacture petrol.

At today's prices, to remove lead from petrol completely would cost all of us—motorists, industry, men, women and children—over £500million every year.(2)

For that kind of money, in one year we could build eight new general hospitals; traffic by-passes for four cities and fifteen market towns; and eliminate nationally all



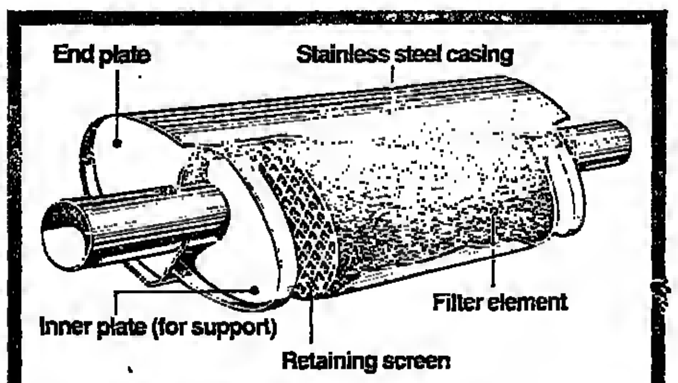
accident 'black spots'—saving 30,000 injury accidents each year.(3) £500 million every year is certainly worth thinking about.

Present exhaust emissions from petrol produce only about 10% of body lead content.(4)

After January 1st 1986 the lead content of petrol will be dramatically reduced by two-thirds from today's level.

The penalty of removing lead from petrol altogether would be simply enormous in cost terms, with no measurable health benefit. But Octel has found an alternative solution—a new kind of silencer called an exhaust gas filter. It can trap 90% of petrol's much-reduced lead content, can last for at least 50,000 miles, and has been under test by Octel since the early 1970s.(5)

Researched, designed and tested by Octel over millions of miles, this filter is made from stainless steel. It costs about twice as much as an ordinary exhaust system but it lasts twice as long.



Exhaust Gas Filter—Typical Construction

If fitted, it could reduce the contribution to the body lead burden from 10% to just 1/15 of today's level.(5) This Octel "alternative solution" would reduce lead emissions to the atmosphere to a very low level; conserve scarce oil resources; save the country enormous sums of money; and create jobs. Again, worth thinking about very carefully indeed.

Due to the combined efforts of every single Octel employee and their dedication in maintaining our reputation as a company of integrity, we remain a successful world leader in our field. We welcome open discussion on lead in petrol. Should you have any enquiries about our products or require additional information, please write to us. We will be pleased to help you.

Peter Dartnell, Public Affairs,
The Associated Octel Company Limited,
20 Berkeley Square,
LONDON W1X 6DT.

Sources are (1) Statement by Petroleum Industries Association Ltd.—The Lancet July 10th 1982. (2) Octel publication 'Do you know enough about the lead controversy?' (3) Octel publication 'Brief British passenger car data booklet' 1982. (4) D.H.S.S. Report 'Lead and Health' (5) Octel publications 'OP 77/6 Exhaust Gas Filter Systems' and 'Exhaust Gas Filters—the alternative solution.'

Report criticises private dustmen

By David Goodhart, Labour Staff

PRITCHARD Industrial Services, the private company which took over street cleaning in the London Borough of Wandsworth last February, has been fined £7,665 in the last six months for falling below authorised cleaning standards.

Mr Bill Butchers, director of Wandsworth Council technical services, was critical on Wednesday of Pritchard's performance in a review of the first few months after taking over the contract.

But be added: "In the light of recent improvements I am satisfied that the requirements of the contract are now being met." The report recognised the initial difficulties of taking over such a contract and the additional problems created by the strike of dustmen in May over privatisation.

However, the report said that 12 per cent of the borough's streets were not properly cleaned in June and July. Mr Butchers said: "There was a lack of planning and training and reports of hiring and firing in a somewhat erratic manner."

The council suspended its normal penalty system in the Battersea area for one month from August 9 to help Pritchard iron out some problems, and according to the report the work is now satisfactory. A similar suspension is now in operation in Balham.

The report will provide comfort for local public service union officials who strongly objected to the "privatisation" by the Tory controlled council of street cleaning, and later refuse collection.

Mr Eric Meecham, managing director of Pritchard Industrial Services, said: "The report shows we are now achieving the high standard of street sweeping expected of us."

● The London Borough of Merton decides next Monday whether to give the tender for street cleaning and refuse collection to its own direct labour force or Task Master—a subsidiary of the Alfred Marks group.

The direct labour force has put in a tender that would reduce the annual bill of £2,350,000 by nearly £500,000, and has agreed to cut over 40 jobs from the 200-strong workforce.

The union says Task Master would work out £70,000 a year cheaper but employees would enjoy much worse conditions.

Merseyside industry survey 'encouraging'

Financial Times Reporter

THE LATEST quarterly economic survey by the Merseyside Chamber of Commerce and Industry reports that the overall impression was not as bleak in the region as that expressed at national level.

"Business on Merseyside may not have been booming in the summer months but the picture is not as bleak as some people believe. Indeed, the figures show some signs of encouragement," it says.

A total of 38 companies with close to 41,000 employees took part in the survey which showed that some deliveries of products were up 5 per cent on the previous quarter while orders were the same. More than half the companies reported working at between 80 and 100 per cent capacity.

"A further reduction in bank interest rates and high productivity by workers are seen by Merseyside industrialists as the most important factors likely to improve prospects."

Staffordshire jobs boost

STAFFORDSHIRE Development Association is dealing with 239 inquiries from UK companies—mostly small industrial units—which are seeking in the county new sites, mainly with less than 5,000 sq ft of accommodation.

In the last quarter 19 companies found suitable premises, and between 250 and 300 jobs are being created, the association said yesterday. Some 30 North American concerns have shown interest as well as 25 German ones.

Britons win human rights fellowships

By Raymond Hughes

TWO Britons are among the 14 recipients of Council of Europe £1,000 annual fellowships for studies and research in the field of human rights.

Mr Jeremy Cunningham, the author of a book entitled Human Rights and Wrongs, who is researching at York University, has taken as his topic human rights teaching in the secondary school.

The topic chosen by Ms Shonagh Anderson, who is studying for a LLM at Aberdeen University, is the prevention of corruption in the light of the European Convention on Human Rights.

Lack of control over City blamed for industry's fall

BY MARGARET VAN HATTEM

LACK OF control over Britain's financial institutions is blamed for industrial decline in a major policy document published yesterday by the Labour Party.

The party's Financial Institutions Study Group says in a report on the City that the British financial system, amoog the most profitable and least regulated in the world, contrasts abarply with lodustry, in whicb iovestment remains consistently below that of Britain's competitors.

"The sophistication of the City," it says, "lies in its facilities for speculating in commodities and currencies, for gambling on the movement of share prices, for channelling money overeas and for circulating a vast array of secondary securities. The basic function of a financial system, linking savings to investment, seems to have been forgotten."

The power of the financial institutions, it adds, concentrated in the bands of a small number of institutions, and subject to minimal democratic control or accountability, had an undoubted political dimension.

"Those who control the institutions in the City have been among the most vociferous supporters of monetarism and are united in their hostility to socialist policies."

The 94-page report includes a detailed and critical analysis of the banking system, the pension funds, the securities markets and their regulatory bodies, and finance in the public sector.

Mr Jack Straw, a Labour Treasury spokesman, introducing the report yesterday, said the last decade had proved conclusively that the City was incapable of regulating itself.

"From the catastrophic misjudgments of the asset strippers and City property speculators in the early 1970s, through the secondary banks collapse, and more recently to a series of scandals in stockbrokers and the banking system . . . it is as plain as a pikestaff that only external, statutory regulation can protect the way in which the City deals with other people's money."

The City: A Socialist Approach, Report of the Labour Party Financial Institutions Study Group, Published by the Labour Party, £1.75.

CND says nuclear attack would kill 38m

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MORE THAN 70 per cent of the population of Britain would be killed in a limited nuclear attack on the country, the Campaign for Nuclear Disarmament believes.

Of Britain's population of 53.9m, 38.5m, or 72 per cent, would be killed within hours of a nuclear attack on key military and strategic targets, CND said in London yesterday.

A further 8 per cent, or 4.3m, would be seriously injured even though large civilian centres had not been main targets. There would thus be an overall casualty rate of 80 per cent.

The figures were released at a Press conference yesterday designed to challenge what CND alleges are "totally unrealistic assumptions" of the Home Office that civil defence could be effective against nuclear attack.

CND believes it was mainly responsible for the Government's decision last July to abandon its civil defence exercise as Hard Rock.

That exercise—which CND says would have assumed some 12.5m deaths—was based on "unrealistic assumptions." The disarmament movement maintains that the Home Office underplayed the likely effect by assuming an attack on largely non-military targets, and suggesting an explosive yield of "only" 48 megatons. (A megaton is equivalent to 1m tons of TNT: the atom bomb dropped oo Nagasaki was equivalent to 20,000 tons of TNT.)

CND's counter to Hard Rock—termed Operation Hard Luck—assumes an attack on most key military targets and several other economic or strategic ones but not main civilian centres. It envisages explosive yields of 220 megatons which it claims is nearer to earlier, if largely secret, government estimates.

The calculations in the 80 per cent casualty estimate were done by Scientists Against Nuclear Arms (Sana) and introduced yesterday by Professor Michael Peotz of the Open University, vice-chairman of CND.

Ms Joan Ruddock, CND chairperson, said CND would step up its campaign against the Trident nuclear submarine system and against the U.S. Cruise missiles due to be deployed in Britain from 1983. She believed the two issues would figure centrally in the run up to the next election, due by May 1984.

The Press conference also heard that Mr Jeffrey Clare, formerly of K Battery, part of 5 Regiment in West Germany, was given 24 hours notice to leave the army because he was a member of CND.

Mr Clare said he had been in the army for six years of a nine-year tour. He had never been disciplined and had been told that he was classified on his record card as of "exemplary behaviour."

He joined CND last December. While he made no secret of this, he did not campaign for CND but was dismissed in early August as "lacking interest."

He said he was convinced he had been victimised for his CND membership.

The Ministry of Defence said yesterday it was not usual to comment on individual soldiers dismissed from the army. However, there was nothing to prevent a soldier being a "passive" member of the CND.

● The Commons defence committee is expected to ask the MoD to release tapes of a confidential briefing given during the Falklands war to defence correspondents. The request is likely to be resisted, but the decision will be taken by Sir Frank Cooper, permanent under secretary at the MoD, who returns from leave next week.

The committee, which is inquiring into the MoD's relations with the media during the conflict, wants to hear the tapes to judge for itself journalists' accusations that they were misled at critical points in the campaign.

The MoD fears if the tapes are released, the controversial "lobby" system of unattributable briefings employed in much of Whitehall and Westminster will be irrevocably undermined.

Proposals on banking criticised

BY WILLIAM HALL, BANKING CORRESPONDENT

MR ROBIN Leigh-Pemberton, chairman of the Committee of Londoo Clearing Bankers yesterday criticised the Labour Party's financial institutions study group report and said its conclusion that the public sector in banking should be extended was "unsupported by the evidence."

"I can derive little comfort from the fact that only a minority of the study group is opposed to achieving this by nationalisation. The extensive controls proposed for bank lending suggest the Labour Party wants all the results of nationalisation without having to pay the political or financial costs," he said.

In its 20-page response to the report, the committee went to great lengths to show that British banks were not as powerful as some of their overseas counterparts. The banks also argued that their profits were not unduly high and gave reasons why they should not be nationalised.

The committee said the report "fails to give enough weight to important developments such as industry's increased reliance on bank finance, new lending schemes, intensified competition between banks, and the current strains on bank profitability."

In July, the Labour Party Home Policy sub-committee voted in favour of nationalising the four major clearing banks but this decision was reversed by the full National Executive Committee.

The NEC said there should be extensive control of banks with the threat of nationalisation of one or more held in reserve. This is also the conclusion of the current study group report. This policy is expected to be debated at the Labour Party conference next week.

The 1976 Labour Party conference voted in favour of bank nationalisation but later dropped this, it is believed, because of opposition from bank unions.

Managers' leader questions 'recovery'

BY ARNOLD KRANSDORFF

THE BRITISH Institute of Management added its voice yesterday to the chorus from industry that business recovery is not yet underway.

Through Sir Trevor Holdsworth, its outgoing chairman, the organisation's 9,000 member-companies, representing 72,000 managers, reported that there was no solid evidence of an economic revival, in spite of Government assertions to the contrary.

Sir Trevor's statement follows an equally gloomy assessment of the economy by the Confederation of British Industry last month. In a quarterly survey of more than 1,600 companies the CBI found a continuing slide in both order books and business confidence.

Sir Trevor, who is chairman of GKN, the engineering group, said many companies that had successfully battled with the situation so far faced the prospect of having to reduce their manufacturing base still further. He was speaking at a press conference to launch the institute's annual report.

Calling for relaxation of Government policies be said responsibility for the reduction in manufacturing base did not lie primarily with industry.

"However positive management action is, the management of the economic and social environment is crucial," he said.

The institute has consistently argued that the Government should stimulate the economy with a reflationary package, albeit a smaller one than the Labour Party and the Trades Union Congress have called for.

Sir Trevor suggested that an injection of between £1bn and £2bn would be sufficient, aimed at particularly depressed sectors such as the building industry.

"At the same time investment in the private sector, though maintained at a reasonable level in spite of the recession, must have the encouragement of lower interest rates if it is to take full advantage of technological development."

Sir Trevor will be succeeded as institute chairman next month by Mr Larry Tindale, deputy chairman of Finance for Industry and a council member of the Consumers' Association since 1970.

Industrial confidence 'still sagging'

BY MARGARET VAN HATTEM

CONTINUING industrial decline and sagging confidence are underlined in a Government report on the 1972 Industry Act, published yesterday.

Commentaries by regional Industrial Development Boards, published with the report, refer to "Significant contraction in the traditional manufacturing base," and "no relief in sight for unemployment." They also point to the depressing effects on investment of "uncertain prospects of a true upturn and the stringency of the financial climate."

The Industrial Development Advisory Board, in its commentary, expresses concern that some British companies "have not yet fully come to terms with the need to achieve genuine international competitiveness." This, it says, is clear from disappointingly low number of applications for aid submitted in the year to March 31, 1982.

The general gloom of the report is relieved partly by the success of the Small Firms Loan Guarantee Scheme, introduced in the 1981 Budget.

The scheme was set up to help provide medium-term loan finance for small firms. Its initial £150m allocation was doubled in the 1982 Budget because of the response it aroused.

Terms of the scheme mean that the Government guarantees 80 per cent of the loans expended by participating banks. More than 6,000 applications had been approved by the end of August this year for loans totalling £209m.

The industrial advisory board welcomes schemes which help the private sector steel industry and small engineering companies, and which encourage a switch to coal-based energy. However, the board points out that the background of economic recession and high unemployment has reduced significantly its workload.

It also points to difficulties in applying the stipulation that government aid should not go to projects which would proceed whether or not aid were granted.

Industry Act 1972 Annual Report by the Secretaries of State for Industry Scotland and Wales for the year ended March 31 1982. SO; £8.10.

CBI criticises Government spending

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

SIR TERENCE BECKETT, director general of the CBI, said yesterday that differences between his organisation and the Government had been exaggerated.

"The only difference we have had over the past two years is one of emphasis and timing, rather than of objectives," he told the annual conference of the Scottish CBI.

Nevertheless, Sir Terence indicated it was Government spending, rather than the performance of private industry, which was hurting the economy.

He said: Government spending has not come down quickly enough and, as a result, industry is paying too much in interest charges, rates, national insurance surcharge, and energy costs."

Sir Terence said the health workers' dispute showed again it was the public sector which needed to curb expenditure, and cited the 30 per cent claim from the miners as another example.

Company 'births' top 'deaths'

By Alan Pike, Industrial Correspondent

THERE WERE 14,800 more company formations than closures last year, according to research published today in the Government magazine British Business.

Provisional estimates show that 124,800 companies came into existence, compared with 110,000 failures. This is in contrast to revised figures for 1980, which show that company deaths exceeded births by 2,000.

In an analysis of the 1980 and 1981 estimates Mr A. Ganguly, statistician in the Department of Industry's Small Firms Division, says that with the exception of the North-West and Northern Ireland all regions participated in the increase, more or less in line with their share of the stock of businesses.

The North-West (9.3 per cent) and the South-East (8.8 per cent) had the highest rates of business failures, and Northern Ireland the lowest (4.1 per cent). Failure rates were also appreciably below the UK average of 8.2 per cent in Scotland, Wales and East Anglia.

Mr Ganguly states: "The surplus of births over deaths approached 2 per cent of the regional stock in West Midlands, followed by 1.7 per cent in the South-East and 1.6 per cent in East Anglia."

Life insurance premiums up 20% in 1981

Financial Times Reporter

UK PREMIUMS from all classes of long-term insurance business rose 20 per cent last year to £8bn. In the same year, some £4.4bn was paid out in benefits to UK policy holders and £380m was paid to members of insured pension schemes.

The figures appear in Life Insurance in the United Kingdom 1977-81, published by the Life Offices Association, Associated Scottish Life Offices and Industrial Life Offices Association.

Among other features of 1981 were:

● New yearly premiums for all forms of individual life insurance and annuity business rose by 17 per cent to £936m and single premiums amounted to £1,240m.

● Individual linked life insurances showed a rise of 20 per cent in new yearly premiums to £170m and single premiums rose to £511m.

● New yearly premiums for personal pensions rose by 45 per cent to £134m and single premiums totalled £180m.

● Worldwide investment income rose 16 per cent to £5,230m.

Money brokers unite in joint Liffe venture

BY DUNCAN CAMPBELL-SMITH

THREE of the City of London's leading money brokers are to co-operate in a joint venture company set up to operate in the London International Financial Futures Exchange (Liffe).

The new company, Butler Harlow (Financial Futures), will have six of the 373 seats on the new market, which is due to start trading on September 30.

The company is wholly owned by Mills and Allen International and will be capitalised at £1m. Its management will be drawn 50/50 from the two firms of Butler Till and Harlow Meyer Savage.

Mr David Pippard, 41, a director of Butler Till, is to be the company's managing director. He has worked for the last 14 years in the sterling interbank market.

Butler Harlow's managers will be seconded to the company from their own firms, which decided in mid-summer to participate in a joint venture on practical grounds.

Butler Harlow will offer all seven contracts initially available under Liffe arrangements, relating to short term sterling and Eurodollar rates, long term rates and four currency-related contracts.

Other directors of the company will be Mr Howard Gilbert, from Harlow Meyer, and Mr Peter Scott, an accountant who has specialised in the work of the futures market.

Mr Pippard said a proportion of the company's pre-tax profits would be retained by its management on a commission basis, as is normal in money market firms. The remainder would pass to Mills and Allen as the parent.

Mr Pippard said the motive of Butler Till and of Harlow Meyer Savage in seconding staff to the new company was to enhance their access to arbitrage operations between the cash and futures areas of the money markets.

Human Rights body to look at shipyard claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE European Commission on Human Rights will decide next month whether to admit for full consideration complaints about the level of compensation payable for nationalisation of UK shipyards in 1977.

Six complaints, involving about 18 corporate or individual shareholders in companies nationalised under the Shipbuilding and Aircraft Industries Act, were lodged with the Commission in May last year.

Complainants included Sir William Lithgow; Vosper; English Electric; Banstonian Company; Northern Shipbuilding and Industrial Holdings; Yarrow and Co; Sir Eric Yarrow; and M & G Securities.

They claim the compensation they received on nationalisation was grossly inadequate and that the manner in which they were deprived of their shareholdings contravened Article 1 of the European Convention on Human Rights.

This provides that "no one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law."

The Government is opposing the claims, not least because of the amount of money involved. Vosper, for example, seeks about £40m compensation, against the £5.3m it received. Yarrow, which got £6m, wants £15m-£25m.

"Admissibility" is the first hurdle facing a complainant to the commission. The commission must be satisfied that, for example, the complainant has exhausted all possible remedies under national law and has a right, protected by the European Human Rights Convention, that has been infringed.

If the complaint is admitted the Commission considers it on its merits. If unable to bring about a friendly settlement it gives a report to the European Court of Human Rights, which delivers a ruling.

The Commission will also consider next month the admissibility of a challenge to the 1967 Leasehold Reform Act, which obliges landlords to sell people with long leases the freeholds of their homes.

The case arises from a complaint by the trustees of the estate of the second Duke of Westminster that the Act obliged the estate to sell freeholds at knockdown prices when it should have got the market value of the properties.

If the complaint is upheld by the Commission and subsequently by the Court the Act will have to be amended or scrapped, and the Government could face substantial claims not only from the Westminster Estate but also from former landlords of thousands of leaseholders who took advantage of the Act to buy their homes.

The Commission is preparing a report for the Court on the case of Mr James Malone, a Surrey antiques dealer acquitted of handling stolen goods, who says his telephone was tapped by police in infringement of Article 8, which allows telephones to be tapped and letters opened only when "in accordance with the law" and "necessary in a democratic society . . . for the prevention of disorder or crime."

Blick to sell French equipment

By Lorne Barling

BLICK INTERNATIONAL, the largest suppiier of time-recording equipment to offices and factories, has signed an agreement with the big French telecommunications company Telic Alcatel, to market telephone equipment.

Blick, a privately-owned company based at Swindon, is to import PABX exchanges, key-phone systems and telephone instruments, all of which must be approved by British authorities before they can be sold.

A significant factor in negotiations for the approval has been the agreement in principle that the key-phones and telephones will be assembled in the UK, the company said, and thus create jobs at the company's Exeter factory. Blick is likely to employ 200 more people in the near future, mainly in connection with marketing the French product.

"Alcatel chose us as a partner, due to our ability to offer national sales and service facilities, and our already growing electronic capability," the company said.

There are also plans by Alcatel to make plastic telephone casings in the UK, by a company yet to be chosen, for shipment back to France for assembly. The cost of this work was said to be much lower in the UK than in France.

Receivers in at knitwear company

By Maurice Samuelson

THE long-established Derby knitwear business of Moore Eady is to be sold by receivers, who have been called in after heavy losses and the reduction of the staff from nearly 500 to 80 in the past eight years.

The company, more than a century old, specialises in high-quality wool, lambswool and cashmere garments. It has only 12 weeks of work left, more than 60 per cent of it for customers in other EEC countries.

Mr Derek Wootton, district secretary of the Hosiery Union, said: "knitwear is under siege from low-cost imports. This company's situation is indicative of the problems the industry is facing."

The receivers expect a buyer to be found when the company goes on sale next week because of the high proportion of exports in its remaining orders.

● The English knitwear industry as a whole appears to be recovering after two very difficult years. Its total exports of hosiery and knitwear (at 1975 prices) rose from £114.4m in 1975 to £168.7m in 1980.

OBITUARY

Sir Maxwell Joseph: clear-thinking man of property who built an empire

SIR MAXWELL JOSEPH, the chairman of Grand Metropolitan, who built one of the most successful companies in post-war Britain, died on Wednesday. He was 72 and bad been seriously ill.

His ability to recognise and exploit undervalued property provided the foundation for the group's expansion. Last year, Grand Met had a turnover of more than £3bn, a market capitalisation of £1.3bn and pre-tax profits of £186.6m.

Grand Met bad been transformed from a hotel group into one whose activities included milk, foods, wine and spirits, brewing, retailing and tobacco. The strategy pursued by Sir Maxwell and Mr Stanley Grinstead, his lieutenant of 25 years' standing, was to expand overseas. Last year, the UK operations contributed a minority of pre-tax profits. Expansion in the U.S. was particularly marked with the acquisition of Liggett in 1980.

He was a very modest man and, in manner, more reminiscent of an elderly university don than of the powerful chairman of the one of the world's most successful companies. He was an extensive delegator and made only the principal policy decisions. Sir Maxwell believed the job of the boss was to think, and that clear thinking could only be achieved when the mind was not cluttered with detail.

Sir Maxwell was born in London and started work in November, 1926, at Ernest Ewers and Williams, a Hampstead estate agency. By 1931, he had set up his own estate agency, Connaught Hooper, and became the youngest estate agent in the country. His work in property before the war provided him with a wide appreciation of property values.

His rise in the business world was exemplary. After the war, he bought a bomb-damaged hotel off Wigmore Street for £25,000. In 1957, he acquired MRMA—the Mount Royal, Marble Arch—a company with issued share capital of £225,000. He became chairman and Mr Grinstead the company secretary.

The build-up of Grand Metropolitan Hotels during the 1960s preceeded a great expansion of London hotel space in the early 1970s. Meanwhile, Sir Maxwell was acquiring a reputation for clear and far-sighted thought which made him popular with institutional investors.

Property remained at the heart of the Joseph formula. He believed in a relatively high level of debt underpinned by property and took full advantage of the cheap-money policies of the 1950s and 1960s, combined with the rising property market.

His first big diversification was the purchase of Express Dairies in 1969, which stemmed partly from its under-valued property assets.

Sir Maxwell maintained that the high point of his career was the bitterly contested takeover of Watney Mann in 1972. It was the best example of his ability to turn on a sixpence. On the morning of August 27, 1971, he sat in his office dismissing suggestions that in the wake of his successful bid for Truman, he might buy a national brewery chain. In mid-afternoon came a chance to buy a strategic stake in Watney. He took it.

The decade after the Watney Mann take-over was mainly one of consolidation of acquisitions and internal development. Strict financial controls were developed, with decentralisation of day-to-day management decisions to subsidiaries.

Sir Maxwell was never involved in day-to-day management but was particularly interested in the hotels division and the wine and spirits business. He worked alone, a few streets from the group's modest offices in Hanover Square. Early in 1980, it became clear that he had chosen Mr Grinstead as his heir-apparent when Mr Ernest Sharp, another possible heir, left the group.

The partnership with Mr Grinstead, deputy chairman and group managing director, dominated Grand Met policy. The impetus for adventurous acquisitions came from Sir Maxwell and the financial management strength was built up by Mr Grinstead. In July, Sir Maxwell announced his intention to retire as chairman in March 1983 to be succeeded by Mr Grinstead.

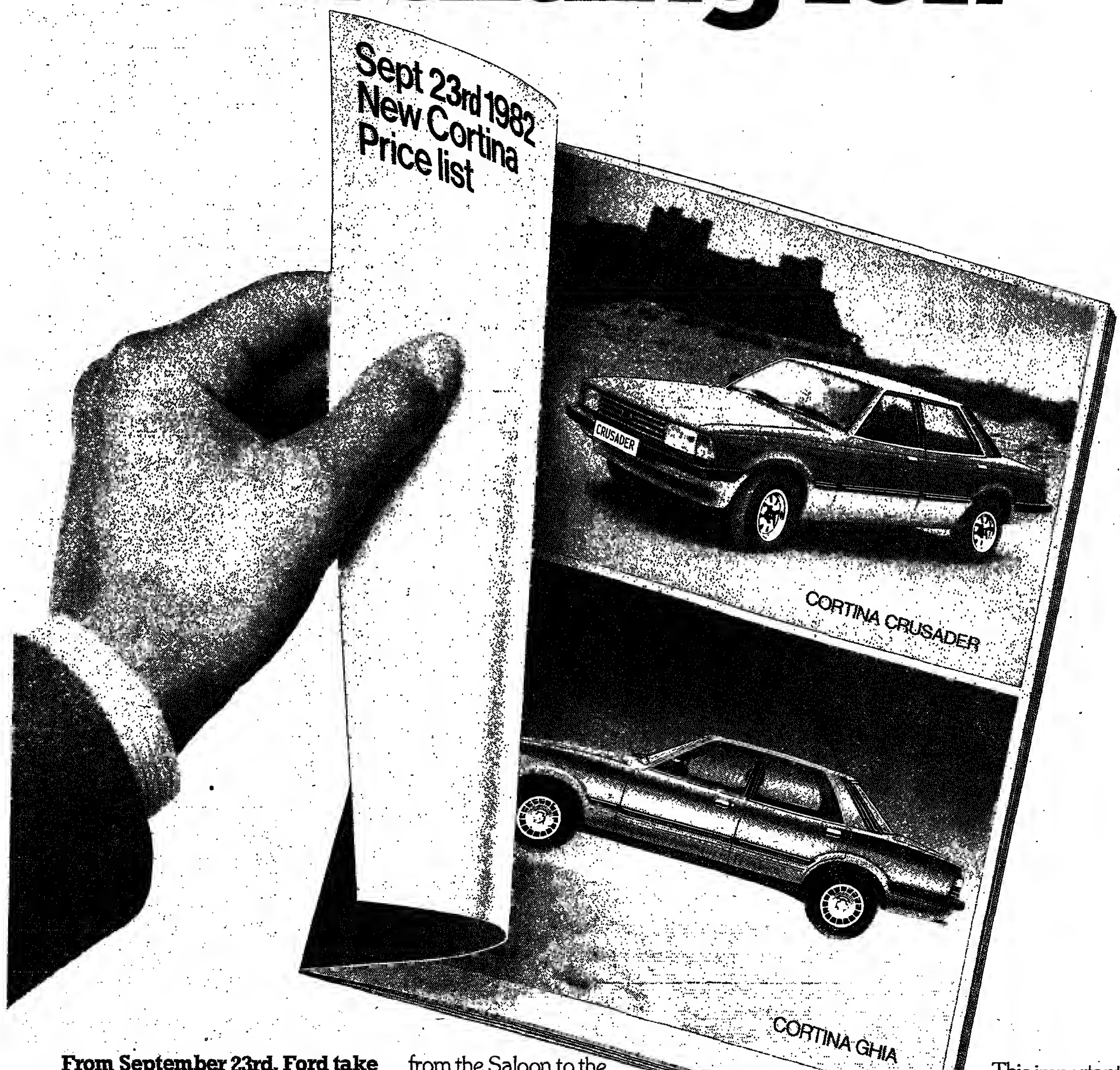
Although Sir Maxwell said he never worked more than a four-hour day, he was constantly observant for new business opportunities. He spent a lot of time motoring around to size up property. He once remarked that the Watney Mann offer was based on his estimate of the property value the company would bring.

His business interests were extensive and, during his career, he was a director of Cunard Steamship and chairman of Lombard Banking, Henry Ansbacher and Giltspur. He was also chairman of Norfolk Capital.

Sir Maxwell lived in South Kensington, London, and his interests included philately, gardening and antiques. His views were stoutly independent and sometimes unpredictable but, in keeping with his diffident manner, modestly expressed. He was knighted in the 1981 New Year's honours list.

Sir Maxwell Joseph: Adventurous acquisitions

The moment shrewd investors have been waiting for.



From September 23rd, Ford take up to 11½% off the prices* of the Cortina range. Effectively making the latest special edition Crusader £1,100 lower priced than its chief rival.†

A piece of heritage went on sale on September 23rd.

The Ford Cortina.

Every single model in the range, from the Saloon to the Ghia, is having its price cut.*

This means, for example, you can buy a Cortina 1300 from £4,133,†† a 1600 GL for £5,351†† and a superb two litre Ghia for just £6,322.††

It also means that the best selling Cortina special edition, the Crusader, now starts way under £5,000 at £4,701.† (Pause to reflect if you've been considering its chief rival.)

This important restructuring of the Cortina's prices is bound to attract a lot of interest. And a lot of eagle-eyed investors.

So don't wait too long before visiting your Ford dealer, making your choice and driving home an extremely realistically priced 100% blue chip investment.

Ford gives you more. Ford

*Maximum price. Ask Ford dealers for details. †Maximum price for the single-tone 1.3 saloon at time of going to press is £4701. Crusader illustrated is 1.3 two-tone at £4881. Recommended retail price for Cavalier GL 4-door saloon 1.3S £5818. ††Maximum prices at time of going to press. All prices quoted in this advertisement include seat belts, car tax and VAT. Delivery and number plates at extra cost.

THE LIBERALS AT BOURNEMOUTH

Abolition of 'elitist' SPG urged

DISBANDMENT of the Metropolitan Police's special patrol group and action to make police forces throughout the country more accountable to the elected leaders of communities was demanded by the Liberal Assembly.

Mr Bill Pitt, MP for Croydon North West and the party's spokesman on home affairs, complained that the police service nationally and especially in London and other cities was losing the confidence of the public.

He described the special patrol group as an elitist force with a reputation for acting as "an express hit squad."

Mr Pitt looked forward to the introduction of legislation which would result in the police being subject to adequate control and accountability within a framework in which they could work with the confidence of the public. There should be more thief-catchers and "bobbies on the beat."

The assembly endorsed a proposal that racist behaviour by police officers should ordinarily be punished by dismissal.

Polls fail to dim Steel's hopes

THE PARADOX of the Liberal Assembly is that the leaders of the Liberal and Social Democratic Parties remain optimistic, despite opinion polls showing Alliance support at a record low level. When Mr David Steel, the Liberal leader, addresses the assembly this afternoon he will reflect a belief that the period of doldrums is over.

The SDP and Liberal leaders do not believe the Mori poll on Monday which put Alliance support at only 14 per cent. They say this does not tally with local election results and last week's Gower by-election. Mr Steel and his advisers put their support at around 20 per cent, though some SDP leaders are slightly more cheerful with an estimate of 23 to 25 per cent.

The Alliance hopes that the period of internal party decisions and public squabbling over seats is now over. With a united front, Labour's continuing divisions, the disappearance of the Falklands factor and an increasing focus on unemployment, the leaders think that support should be capable of rising towards the upper twenties in percentage terms by the end of the year. They argue that this should put the Alliance in a strong position for election year.

The optimists note that in most recent elections the Liberals have improved their standing by several percentage points during the course of the campaign. If this were repeated next time the Alliance could be within striking distance of the 35 per cent plus needed to achieve a breakthrough.

There are a lot of ifs, but the significant feature is that the Alliance is not downhearted over the events of the summer. Mr Steel clearly feels that the assembly has gone better than it might. There have been grumblings over the allocation of seats but the negotiations are now regarded as over.

The assembly has backed, by a big majority, the reports of the two joint Alliance commissions on economic recovery and electoral reform. As a result the leadership won important freedom of manoeuvre for bargaining with other parties after the next election on the form of any changes in the electoral system.

A key test will be the by-election at Birmingham Northfield, probably in middle or late November. Senior Liberals are describing this as an early run of the general election since it is the type of Tory marginal that the Alliance will have to win if it is to achieve a breakthrough.

Alliance candidates received about 27 per cent of the vote in this area in the local elections last May.

One moment please: Cyril Smith calls David Steel's attention to urgent conference matters

Reports from Peter Riddell, John Hunt and Ivor Owen. Pictures by Ashley Ashwood

Youth has its fling as conference approves a voting age of 16

FELLOW boys and girls, and for those of you over the age of 45, fellow old fogies.

That was the amiable greeting given to delegates in Bournemouth yesterday by a burly young woman who mounted the rostrum wearing a violent rainbow striped jersey.

Yes folks, it was Teeny Bopper Time at the Liberal Assembly, a whole hour of fun and frolic when party members, including some senior figures who should know better, seemed determined to demonstrate that they had lost their marbles.

The subject of debate was youth, and, as far as one could understand the whining from the rostrum, the complaint was that all the senile members of the party over the age of 25 did not take teenagers seriously enough. Above all they were guilty of "patronisation" (sic).

This was all rather a pity as the assembly had just finished a long and sensible debate about the police. Here the tone of the discussion was certainly more mature than we will get at the Tory conference, where the rank and file are capable of calling for the return of the jackboot and the jambok, or at next week's Labour jamboree, where the militants will probably be demanding the replacement of Dixon of Dock Green by a workers' militia.

In fact, the Liberals seem to have cornered the market in coppers and now number among their ranks John Alderson, former Chief Constable of Devon and Cornwall, and David Webb, former commander of the police in the Handsworth district of Birmingham, both of whom spoke yesterday. It was refreshing to hear the views of working policemen in a conference debate and certainly a performance that the two major parties could not match.

Smiling down on the proceedings at the start of the debate on youth was Mr David Steel, the party leader, who retains remarkably boyish looks despite his 44 years.

The main proposal of the long motion was to reduce the voting age from 18 to 16 and to allow 16-year-olds to become "fully independent, financially, socially, sexually and politically." The main effect of this last proposal would be to reduce the age of homosexual consent from 21 to 16, although most speakers managed discreetly to gloss over this point.

The tone was set by Alan Leaman, proposing the motion, who waxed indignant over the audacity of middle-aged "tedious, boergutted" Labour MPs who spoke on the subject of youth unemployment.

CONFERENCE SKETCH

The theme was taken up by Janice Turner political vice chairman of the Young Liberals. "How many of you here can remember when you were 16?" she snarled challengingly.

Apparently 16-year-olds were suffering the most "insidious discrimination." Lesbian mothers were having their children taken away from them while young "gays" were being humiliated by their employers. "It's unjust and unfair," Ms Turner complained.

But what was this? Suddenly a grey-haired middle-aged man was striding to the rostrum. He turned out to be John Wakelin, a former headmaster, who suggested mildly that in his experience 16-year-olds were not ready for the vote although he would be prepared to compromise on 17.

David Alton, MP for Liverpool Edge Hill, who at the age of 30 retains Peter Pan looks, backed the resolution, although he concentrated sensibly on the subject of youth unemployment and kept away from the more contentious issues.

The full parcel of proposals was eventually given overwhelming approval with acclaim. Nevertheless within a few minutes Mr Alton was anxiously reassuring journalists that it was not "a licence for promiscuity" but a serious attempt to iron out inconsistencies in the law.

Meanwhile, outside the hall, the party's youthful image was being preserved by the sale of a new record by David Steel entitled "I feel Liberal." For the price of £1.50 one could bear the Boy David talking above the latest disco music: "You can help me change the face of British politics. That's what the Alliance is all about."

On the sleeve were detailed instructions on how to dance the "Steel-Step." Appropriately it seemed to consist of carefully balancing first on the left foot and then on the right. The very mention of this latest gimmick had party officials squirming with embarrassment. "I don't think it's going to get into the Top Ten," one of them confided.

A few stalls away the memoirs of Jo Grimond, the former Liberal leader, and respected elder statesman of the party, were selling at a £5 reduction from the original price. Sic transit gloria . . .

John Hunt

Change of candidates expected

THE LIBERAL leadership will try to change some of its parliamentary candidates following the agreement earlier this week with the Social Democrats over the allocation of seats at the next election.

Mr David Steel, the Liberal leader, raised the issue at a private meeting of Liberal candidates earlier this week. He hoped that some candidates who were not prepared to devote themselves fully to preparing for the next election would step aside for experienced and good candidates who have had to stand down elsewhere.

Mr Steel will have to rely on persuasion in view of the constitutional independence of local Liberal associations and their intense sensitivity to any suggestion of central interference.

The leadership is worried about the uneven quality of candidates left after the seat allocation with the SDP.

The opportunity to reallocate candidacies will arise not only because some candidates may stand aside but also because selection was frozen temporarily last year.

Mr Steel said in an ITN interview last night that there was a lot of new blood in the party. "I think there are those who might wish to say that enough is enough and to give way to this new blood."

The hope is that selection procedures can be completed by early next year

Flexible line on proportional representation

THE ASSEMBLY agreed with marked reluctance yesterday not to make the single transferable vote (STV) version of proportional representation the only acceptable alternative to the existing first-past-the-post electoral system.

A number of speakers voiced the fear that the Liberal-SDP Alliance might be forced to accept a compromise based on the additional member system of proportional representation.

Delegates said this would involve some MPs being chosen from a supplementary list of candidates. Such a list would be controlled entirely by the party machines and could be used to enable some politicians to reach the Commons without ever having faced the voters.

Mr Alan Beith, the Liberal chief whip in the Commons, recognised these fears. But he emphasised that for the assembly to impose an "STV only" condition might result in the retention of the first-past-the-post system.

It was the system which had allowed the Thatcher Government to be in a position to destroy the economy, the social services and the education system, even though the Conservative Party won less than 44 per cent of the votes passed at the last General Election.

Mr Beith argued that all-out opposition to electoral reform was the one issue on which Mrs Thatcher and Mr Tony Benn were unified.

Mr David Everett, from Sutton and Cheam, called for outright rejection of a resolution embodying the entire electoral and constitutional reform package agreed by a joint Liberal-SDP Alliance commission.

The main concern of people at the present time, he insisted, was the introduction of effective measures to deal with unemployment. The Liberal Party should stop "pussy-footing around" with electoral reform.

Enid Lakeman, former director of the Electoral Reform Society, argued that proportional reprsentation would assist the introduction of measures to deal with unemployment.

Delegates agonise on free trade

FOR MORE than an hour yesterday the Liberal Assembly teetered on the brink of ending the party's historic, unequivocal commitment to free trade.

Delegates agonised over an amendment to a resolution reaffirming the party's traditional objectives which recognised the need for Britain to take retaliatory action when subjected to unfair trading practices.

Mr David Shevels, who moved the amendment, cited the "destructive tests" operated by the Japanese as an example of the barriers facing British exports.

He declared: "If we are to fight for our share of world markets, don't let us tie one hand behind our backs. Let other countries know that if they build barriers against us we have the power to retaliate."

While taking a more cautious line, Mr Richard Holme, a former president of the party and a political adviser to Mr David Steel, hit out at the discriminatory trade practices now being operated by the United States.

He protested that President Reagan had done more damage to the fabric of international relations and to the unity of the Western alliance in the last two years, than anyone would have thought possible.

The assembly finally balked at the free trade hurdle by deciding to refer the whole issue back for further consideration by the party's trade and industry panel.

UK NEWS—LABOUR

Tory MP urges reforms to encourage job sharing

BY OUR LABOUR STAFF

JOB SHARING should be encouraged by reforming the system of National Insurance and Social Security payments a Conservative MP has told the Government.

Sir Philip Goodhart, MP for Beckenham, writes in a Bow Group pamphlet, published today, that "job sharing can be a powerful weapon in tackling the scourge of unemployment."

He says: "Job sharing can also be a boon to older workers who want to ease their way into retirement, and a blessing for women who want to take up careers again after raising families."

He says the Government should top up the employee contribution to National Insurance for those who become job sharers before retirement. It should also change the rules of Social Security and Unemployment payments to make it easier to share jobs.

Sir Philip describes job sharing as an attempt to give part-time work an improved status. "It is a form of part-time employment where two people share the responsibility of one full-time permanent position. The salary and fringe benefits are divided between them according to the time they work," he said.

Young participants received a lot more money by job-sharing than they received from the Social Security.

They also acquired training and experience and gained a foothold in a company. The employer was faced with less absenteeism and had a pool of trained labour to call on if business improved.

Sir Philip said the Conservative Party had seized the initiative on job-sharing "almost by accident" following Sir Geoffrey Howe's announcement in July that the Government would pay grants to employers who split jobs.

Could this be YOU in a few years' time? remembering the friends who used to call.

He served, provided, through years of dedicated professional service to others. He looked forward to an old age of dignity and basic comforts – standards he'd known since childhood. Now inflation has decimated his pension and savings. Bereavement has left him on his own.

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We depend entirely on private donations by way of Legacies, Covenants (which, if for four years or more, can be fully offset against Corporation Tax) and private donations. From people like you . . . to help elderly persons in their time of need.

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"Help them grow old with dignity"

Official's letter leads to Labour cry of bias

By Brian Groom, Labour Staff

LEFT-WINGERS might attempt to force the resignation of Mr Derek Gladwin, a leading moderate, as chairman of the arrangements committee, when the Labour Party conference opens on Monday morning.

Tribune, the left-wing weekly, today publishes an article about a letter sent by Mr Gladwin, an official of the General and Municipal Workers' Union, to an employee of the U.S. State Department in 1975.

Mr Chris Mullin, Tribune's editor, writes that there is "nothing sinister" about Mr Gladwin's friendship with Mr Bill Gausman, a former U.S. embassy official in London.

But, the article claims, "the letter makes clear that, while his position should require impartiality, Gladwin sees his job on the conference arrangements committee as highly political."

Mr Gladwin's letter was written in January 1975, four months after he became chairman of the committee, in response to a Christmas greeting.

He wrote in it: "You are right when you say the Labour Left have not yet discovered the importance of the conference arrangements committee—I intend to keep it that way."

The letter talks about "stage managing" the appearance of Chancellor Helmut Schmidt of West Germany at the 1974 Labour conference. Tribune claims this was "presumably with a view to influencing Labour's Common Market policy."

Mr Mullin said last night: "Since Mr Gladwin has now told us in his own words that he is not impartial as chairman of the conference arrangements committee, the only course open to him would be to resign."

Mr Gladwin refused to comment on the letter or the article, except to condemn the "deplorable" standard of journalism which published personal letters. He absolutely rejected any suggestion that political bias was exercised on the committee.

Tribune says that, during Mr Gladwin's seven years as chairman, the committee has faced repeated accusations of bias.

CEGB considers union plan to reduce closures

BY BRIAN GROOM, LABOUR STAFF

THE Central Electricity Generating Board is considering trade union alternatives which would scale down its plans to close or "mothball" 2,200 megawatts of capacity.

The board will reply to the eight unions involved at a meeting on October 22, but it has given no indication of whether it believes the alternative plan will be acceptable. Its decision to consider the union scheme averted a possible withdrawal by the electricity unions from talks which took place on Wednesday.

The CEGB plan would mean the closure or partial closure of about 18 power stations, and would entail the loss of more than 2,100 jobs in the industry. It includes the mothballing—whereby units are closed but kept in working order—of three large oil-fired generating units which have just been built.

These are likely to be a 500 Mw unit at Ince B on the Mersey; a 660 Mw unit at Littlebrook on the Thames and 660 Mw unit at Grain, Kent.

Unions are believed to have told the board they are against closures at oil-fire stations. They argued that oil-fired units give greater flexibility of use to respond quickly to a national emergency—including disruption to coal supplies or railways—and to any sudden need for extra power.

The unions said it could not be assumed that the oil/coal price ratio would always be so disadvantageous, and that it was unwise to mothball new plant.

The CEGB was also asked to reconsider the size of its programme. The unions pointed out that all the plant threatened with closure had operated at some stage in the last year.

The unions indicated they wanted to discusss terms of redeployment or severance for staff affected. They made no specific claim on this, but said there were problems if the rundown was conducted under existing terms. The sitoation had changed since earlier agreements were reached.

The board expects to save about £17m if the cuts go ahead, of which £4m would be saved by mothballing the three oil-fired plants.

Besides the 2,200 Mw to be shut, a further 1,500 Mw mothballed in previous years would now be closed for good.

The proposed acceleration of the closure programme stems from a belief at the CEGB that demand for energy is unlikely to increase significantly for some years.

The eight electricity unions are worried about the job loss which the proposals entail.

New Underground timetables to go ahead without strike threat

BY DAVID GOODHART, LABOUR STAFF

LONDON TRANSPORT will go ahead with its introduction of new peak service timetables on the Underground next Monday without facing the threat of strike action by the three tube unions.

The biggest union — the National Union of Railwaymen with 14,000 members — has decided to allow the timetables to go ahead on a temporary basis. The executive of the NUR, meeting yesterday, said that having received an assurance from LT that the timetables were provisional they would not call strike action.

The unions have resisted the new timetables ever since LT first tried to introduce them last March following the Law Lords decision to outlaw the GLC Cheap Fares scheme.

The NUR, along with the train drivers union Aslef and the Transport Salaried Staffs Association, took strike action in June which successfully postponed the introduction of the timetables and led to the setting up of a working party to investigate cost-saving.

The timetables will be introduced on the Metropolitan, District, Piccadilly and Circle lines. The unions have already agreed to changes on the Northern Line and LT has compromised by not introducing the new schedules on the Central Line as originally planned.

Aslef and Tssa have still not made a formal response to LT over the timetables but it is unlikely that with the NUR holding off the other unions would go ahead with a strike.

The issue is not yet completely closed, the NUR special conference called to discuss pay on BR and the Underground on October 13-14 will also take a decision about the timetables.

LT has linked payment of the 7 per cent pay rise recommended by the independent LT Wages Board, along with extra holidays, a 38-hour week, and the recruitment of extra staff, to acceptance of the new timetables. It is probable that the NUR conference will accept the pay and new services package for the underground.

This is partly because the union now accepts the LT argument that an even more drastically reduced service is being provided for Londoners because of the recent staff cuts.

LT says it has already made more than the originally planned £21m savings from natural wastage, and the new schedules simply reflect new staff levels which allows it to run a more efficient service, without delays and cancellations.

Dr Tony Ridley, managing director of the Underground, said: "We expect to run an increased service next Monday, not a reduction in trains."

Speculation that the proposed service cuts are more severe than LT has publicly admitted was strenuously denied by LT last night.

Walk out at Perkins plant

ABOUT 400 white-collar workers at the Perkins diesel engine plant in Peterborough, Cambridgeshire, walked out yesterday over demands for more pay.

The stoppage came after their union, Apex, which represents clerical and computer staff, rejected a management offer of an extra 4½ per cent. The union said last night they had agreed to resume normal working from this morning pending talks.

MSC told to resist privatisation move

BY JOHN LLOYD AND ALAN PIKE

THE MANPOWER Services Commission was warned yesterday that it must resist government attempts to privatise parts of its employment and training services.

Mr Ken Graham, the TUC's assistant general secretary, told the annual conference of the Civil Service Union's instructional officers that "there are signs the Government intends to hive off skill centres and privatise the professional executive recruitment element in the public employment service."

Mr Graham said skill centres were a "vital training asset" and needed to remain under public control. The professional executive recruitment service was part of the MSC's comprehensive service for all workers — of which white collar workers account for 50 per cent.

The MSC said a review of the PER, undertaken in the light of the Government's desire to make it self-sufficient, would be completed by next September. The commission said the PER was well on the way to paying for itself.

A further review of the skill centres is under way, but the MSC said this was to find ways of increasing their efficiency, not to privatise them.

Mr David Young, MSC chairman, has strongly defended the Community Programme, due to be launched next month. He said it was aimed at providing "real work for real wages" for 200,000 of the long-term unemployed.

The programme, which replaces and greatly expands the Community Enterprise Programme, has been sharply criticised by voluntary organisations, some of which say they will not participate in it as they had in the CEP.

However, the commission said last night it had been in touch with the organisations opposing the scheme, and that talks would be held between them and the MSC in an effort to gain their co-operation.

Mr Young said: "We must do everything possible to make a success of the new scheme so that we have the right to seek yet more help from the Government. The Chancellor has said that if 100,000 additional places can be provided and filled, the Government will be willing to provide more money for additional places. We simply cannot allow that offer to go to waste."

● The first director of the Manpower Services Commission's Open Tech Unit is to be Dr George Tolley, principal of Sheffield City Polytechnic.

Plans for the initial development of the Open Tech Programme was endorsed by the MSC last month and detailed arrangements for its launch are being made.

The Open Tech—a contribution to the wider efforts now in progress to reform industrial training—is intended to improve technician and supervisor training. It is likely to have a particular value for those adults who do not find conventional full-time courses suitable.

Modern information technology will be used by the Open Tech. But, unlike the Open University, it will operate through existing institutions rather than as a separate one

Dr Tolley, an Anglican priest and honorary canon of Sheffield Cathedral, trained as a chemist and worked in industry for 14 years before beginning his academic career in 1951.

"The Open Tech programme is a notable experiment in opportunity," he said yesterday. "It will offer a new and significant initiative contributing to the economic and industrial recovery which must lie beyond the current battle for survival."

Job satisfaction sought

BY OUR LABOUR STAFF

A PLEA to improve workers' job satisfaction, in spite of industry's tendency towards a "siege mentality" at a time of high unemployment, was made yesterday by representatives of the Government, the Confederation of British Industry and the TUC.

It came in the annual report of the tripartite steering group on job satisfaction, which oversees the Department of Employment's Work Research Unit.

The unit emphasises that attention to job satisfaction benefits the individual workers and the enterprise, because improved relationships enhance its ability to react quickly

Robotics and other forms of automation have begun to influence job design, the report says, but "the human aspects of the introduction of new technology are, in general, insufficiently regarded by those who specify, order, design and install new equipment for factories and offices."

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Bod. 2.02 For Schools, Colleges. 3.00 Racing from Ascot. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Captain Caveman. 4.30 Puzzle Trail. 4.45 Jigsaw. 5.15 Treasure Houses. 5.35 Willo the Wisp.

5.40 News.

6.00 Regional News Magazines.

6.22 Nationwide.

6.45 Sportswide.

7.00 Donald Duck's Frantic Antics.

7.50 It's A Knockout with Christchurch representing Great Britain.

9.00 News.

9.25 The Chinese Detective with David Yip as Det Sgt John Ho.

10.15 Connections (London and South East only).

10.45 News Headlines.

10.50-12.30 am The Late Film: "The Deadliest Season" starring Michael Moriarty.

Chris Dunkley: Tonight's Choice

Try as I may to defend the producers of British television on the grounds that the general quality of their programmes is considerably higher than everybody else's, they will keep on providing nights, such as tonight, which look like determined attempts to contradict me. At 10.30 the choice is between the BBC-1 quiz game Connections with ludicrously esoteric questions (mostly answered by the chairman) and competitors such as Ted Moult and Gyles Brandreth posted down from Central Casting; Championship Darts on BBC-2, arguably the loudest and most repetitive "sport" ever screened but unarguably the most revolting to look at with its wobbling parade of beer bellies; and Benson on ITV, an American import which merely serves to remind one how superb Robert Guillaume was in Soap before he spun off into this second-rate stuff.

All that can be safely recommended is the two hours on BBC-2 starting with a new series of Did You See? at 8.15, for those who like to see some discussion of television on television. That's followed by the ever watchable and gently amusing My Music.

BBC 2

6.40-7.55 am Open University.
9.30 Liberal Party Assembly.
11.00 Play School.
11.25-12.45 pm Liberal Party Assembly.
2.00 Racing from Ascot.
2.45 Liberal Party Assembly.
5.10 Krishna and Christ.
5.35 Weekend Outlook.
5.40 "I Thank You" starring Arthur Askey.
7.00 Something Else.
7.45 News Summary.
7.50 Gardener's World.
8.15 Did You See . . . ?
9.00 My Music.
9.25 Worlds Apart.
10.20 Championship Darts.
10.45 Newsnight.
11.40 Darts (further coverage).
12.30-1.15 am The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Artshire presented by Gillian Reynolds. 1.00 News with Leonard Parkin, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 About Britain. 2.00 Not For Women Only. 2.25 Golf: The Bob Hope Classic from Moor Park, Herts. 3.15 Liberal Party Assembly. 4.15 Dangermouse. 4.20 On Safari. 4.45 Sunny Side Up. 5.15 Teach Yourself Gibberish.

5.45 News.

6.00 The 6 O'clock Show presented by Michael Aspel with Janet Street Porter and Fred Housego.

7.00 Bruce Forsyth's Play Your Cards Right.

7.30 The Fall Guy starring Lee Majors.

8.30 Young at Heart starring John Mills.

9.00 Shine On Harvey Moon.

10.00 News.

10.30 Benson.

11.00 Golf—The Bob Hope British Classic.

†11.45 Rawhide.

12.45 am Bosom Buddies.

1.15 am Close: Sit Up and Listen with Michael Hordern.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm A Better Read. 1.20 Anglia News. 8.00 About Anglia. 7.30 Magnum. 10.30 Members Only. 11.45 Friday Late Film: "Picture Mommy Dead," starring Don Ameche, Martha Hyer and Zsa Zsa Gabor. 1.20 am It Drives You Mad.

BORDER

12.30 pm A Better Read. 1.20 Border News. 3.00 Lookaround Friday. 6.30 The Leeds Folk Festival. 7.30 Trapper John MD. 10.20 Your MP. 11.45 Lou Grant. 12.40 am Border News Summary.

CENTRAL

12.30 pm A Better Read. 1.20 Central News. 6.00 Central News. 7.30 Trapper John, MD. 10.30 Soap. 11.45 Central News. 11.50 Countdown with Randy Crawford.

CHANNEL

12.30 pm A Better Read. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Emmerdale Farm. 3.00 Channel Report. 3.25 Handa. 3.55 What's On Where. 7.30 Quincy. 10.28 Channel Late News. 10.35 House Calls. 11.45 Late Night Film: "The Hunted." 12.35 am News and Weather in French.

GRANADA

12.30 pm A Better Read. 1.20 Granada Reports. 3.00 Kick Off. 3.20 Granada Reports. 7.30 Magnum. 10.30 Benson. 11.45 House of Horrors: "Tales from the Crypt," starring Ralph Richardson and Joan Collins.

GRAMPIAN

9.25 am First Thing. 12.30 pm A Better Read. 1.20 North News. 6.00 North Tonight, including Sportsdesk. 7.30 Magnum. 10.30 Dolly. 11.45 Streets of San Francisco. 12.40 am North Headlines.

HTV

12.30 pm A Better Read. 1.20 HTV News. 5.00 HTV News. 3.30 So What's Your Problem? 7.30 Hawaii Five-O. 10.28 HTV News. 10.30 Report Extra. 11.45 Mannix.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.45 Dan Odylanwad Y Lleuad. 8.00 Newyddion. 3.05 Report Wales. 6.30-7.00 The Muppet Show. 10.30-11.00 Who, What, When, Where?

SCOTTISH

12.30 pm A Better Read. 1.20 Scottish News. 5.15 Emmerdale Farm. 3.00 Scotland Today. 3.30 Sports Extra. 5.45 Hear Here. 7.30 Thingummyjig—presented by Jack McLaughlin. 10.30 That's Hollywood—Fonda and Family. 11.45 Late Call. 11.50 Vegas.

TSW

12.27 pm Gus Honeybun's Magic Birthdays. 12.30 A Better Read. 1.20 TSW News Headlines. 5.15 Emmerdale Farm. 3.00 Today South West. 3.30 What's Ahead. 7.30 Quincy. 10.32 TSW Late News. 10.35 House Calls. 11.45 Feature Film: "The Hunted," starring Edward Woodward and June Ritchie. 12.40 am Postscript. 12.45 South West Weather.

TVS

12.30 pm A Better Read. 1.20 TVS News. 5.00 Coast to Coast. 3.30 Friday Sportshow. 7.20 Streets of San Francisco. 10.30 The Two of Us. †11.45 Horror!: "Stolen Face," starring Paul Henreid and Lizbeth Scott. 1.05 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 12.30 pm A Better Read. 1.20 North East News and Lookaround. 8.00 North East News. 5.02 Sportstime. 6.30 Northern Life with Tom Coyne. 7.30 Magnum. 10.30 North East News. 10.32 Friday Live with Gillian Reynolds and Chris Kelly. 11.30 Golf—The Bob Hope British Classic. 12.15 am The Folk Festival of the North. 12.45 Poet's Corner.

ULSTER

12.30 pm A Better Read. 1.20 Lunchtime. 4.13 Ulster News. 6.00 Good Evening, Ulster. 7.30 Trapper John. 10.29 Ulster Weather. 10.30 Witness (Miss Routh Thompson). 10.35 Mork and Mindy. 11.45 News at Bedtime.

YORKSHIRE

12.30 pm A Better Read. 1.20 Calendar News. 3.00 Calendar and Calendar Sport (Emley Moor and Belmont editions). 7.30 Magnum. 10.30 Benson. 11.45 The Leeds Folk Festival. 12.15 am That's Hollywood.

RADIO

(S) Stereo (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.30 Paul Burnett. 2.00 pm Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.10-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Peter Marshall (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Friday Night is Music Night (S). 8.50-9.10 Interval. 9.55 Sports Desk. 10.00 Keep It Maclean. 10.30 Hit List. 11.00 Peter Clayton presents Round Midnight (stereo from midnight). 1.00 am Night Owls (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 9.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Ravel (S). 10.00 Scarlatti and Brahms piano recital (S). 10.45 Sibelius (S). 11.15 Victorian Art-Song (S). 11.55 Bournemouth Sinfonietta, part 1 (S). 1.00 pm News. 1.05 Six Continents. 1.20 Bournemouth Sinfonietta, part 2 (S). 1.55 Mendelssohn (S). 2.30 Haydn Piano Sonatas (S). 3.15 Beethoven chamber music (S). 4.00 Choral Evensong (S). 4.55 News. 6.00 Mainly for Pleasure (S). 5.30 Julian Bream (S). 7.00 Ghost Painting (short story). 7.30 Malcolm Binns piano recital from the Broadcasting Centre, Birmingham, part 1: Beethoven, Schumann (S). 8.10 The Living Poet: D. M. Thomas. 8.30 Malcolm Binns, part 2: Chopin (S). 9.15 On Dangerous Ground. 10.15 Britten and Haydn (S). 11.05 Fauré (S). 11.15-11.18 News.

RADIO 4

8.00 am News Briefing. 6.10 Farming Today. 3.25 Shipping Forecast. 8.30 Today. 8.43 The Second Meadow by Archie Hill. 3.57 Weather, travel, continental travel. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 Groundswell. 10.30 Morning Story. 10.45 Daily Service (S). 11.00 News. 11.03 Laird of Two Worlds. 11.48 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Manchester. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. News. 4.02 Just After Four. 4.10 Foreign Correspondents (S). 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 8.00 News and Financial Report. 3.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 International Assignment. 8.30 Any Questions? 5.15 Letter from America by Alistair Cooke. 8.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Off the Shelf. 11.46 Friday Treat (jazz, blues and gospel). 12.00 News.

APPOINTMENTS

Post Office finance post

The POST OFFICE has appointed Mr Stuart John Sweetman as director of financial accounts. He was formerly senior manager and audit group manager in the London audit department of Touche Ross & Company, who are auditors of the Post Office. His appointment coincides with the split of the postal finance department at Post Office headquarters into two directorates. Mr Roger Tabor, former head of the management accounting and performance control division of the postal finance department in Post Office headquarters, was appointed director of financial planning in August.

★

SHORT BROTHERS, Belfast, has appointed Mr A. F. C. Roberts as director marketing. Mr Roberts, who was previously executive director aircraft, joined the company as a test pilot in the mid-50s.

★

New senior representative in Britain for the HONG KONG TRADE DEVELOPMENT COUNCIL is Mr Andrew Ma. He succeeds Mr David Hui, who held the London-based post temporarily after the retirement of Mr Frank McKellar. Mr Ma joined the Council in 1967. Before coming to London he was the New York-based Senior Representative, Americas. His role as chief executive there was to direct the Council's promotion strategy for the entire American hemisphere.

★

CAPITAL GUIDANCE GROUP has appointed Mr Kalidas Banerji as a senior investment officer in London. He was head of the trust and investment office at the London branch of Crocker National Bank.

★

STANDARD INDUSTRIAL GROUP has appointed Mr Fred W. Schroeder as a non-executive director, and Mr Anthony D. Capper as finance director. Mr Schroeder has recently retired as director of corporate planning of Hewlett-Packard Company, Palo Alto, California. Mr Capper has been finance director of Tate and Lyle's chemicals division.

Sig. Remo Martinelli, former senior vice-president and manager of the San Francisco branch of BANCO DI ROMA, has been appointed chief manager of the London branch. Sig. Vito Maffei, the present manager who has spent five years in London, has been appointed to a senior position in the Rome branch.

★

Major David Davenport has been appointed a member of the DEVELOPMENT COMMISSION. He is a farmer and woodland owner in Herefordshire and will be taking over in November the chairmanship of the Council for Small Industries in Rural Areas (CoSIRA).

★

Mr Geoffrey Wilson to become executive chairman of the Delta Group.

Mr Geoffrey Wilson has been appointed executive chairman of DELTA GROUP from October, on the retirement of Lord Caldecote. Mr Wilson joined Delta in 1969 and has been chief executive since March 1981.

★

Mr Colin Walker has been appointed marketing director of ALPINE (DOUBLE GLAZING) COMPANY. He was general marketing manager for Travenol Laboratories.

★

Joining the board of ICL as non-executive directors are Mr R. B. Horton and Sir John Hoskyns. Mr Horton is managing director and chief executive of the BP Group's worldwide chemical interests. He is also chairman and managing director of BP Chemicals. Sir John headed the Prime Minister's Policy Unit from May, 1979 until this spring.

★

Mr Ronald Carter, formerly deputy head of BARCLAYS BANK's law section, has been appointed registrar of the bank following the retirement of Mr Gordon Main on October 12.

★

Mr Mike Whittington (recently promoted to managing director—Midland Radio Sales) has now been appointed to the board of INDEPENDENT RADIO SALES.

★

SPARTAN PRINT has promoted two senior executives to the board. Mr Les Ward, works manager, becomes production director, and Mr John Ward, financial accounts manager, has been made administrative director.

★

Mr Geoffrey Spark has been appointed managing director of COOPER TOOLS, Washington, Tyne and Wear, in succession to Mr Jerry Parker, who has left the company. Mr Spark was financial controller.

★

Mr Terry Churcher has been appointed sales manager (professional industry sector) of MURATA ERIE ELECTRONICS UK, Fleet.

★

Mr Frank Benson has been appointed sales director of ROCK MOTOR PARTS, a subsidiary of Rock Darham.

★

Mr M. J. (Duke) Hussey, director of Times Newspapers, has been appointed a non-executive director of MK ELECTRIC GROUP. He has also been appointed to the board of MK Electric.

★

Lord Montagu of Beaulieu, founder-trustee and chairman of the National Motor Museum, has been appointed president of the MUSEUMS ASSOCIATION.

★

Mr Stanley Jackson has joined CROWN LIFE company as general sales manager. He was previously a director of the Towry Law holding board, and managing director of three companies in the Towry Law Group—Towry Law Pension Services, Towry Law Pension Consultants and Towry Law and Company, southern division. Mr Nick Sarif has joined Crown Life as a senior business manager.

★

RACAL ELECTRONICS has appointed three financial directors to companies in the Group. Mr John Biles has been appointed to Racal Avionics, Mr Richard Giles to Racal-Decca Marine Radar and Mr David Ringrow to Racal-Decca Marine Navigation. Mr Biles joins from AFA-Minerva (EMI); Mr Giles from Yardley; and Mr Ringrow from the Donald McPherson Group.

Mr J. R. Redfern, new president of the Chartered Insurance Institute.

Mr J. R. Redfern, chairman and managing director of Redfern and Tredhurst, has been elected president of the CHARTERED INSURANCE INSTITUTE. He took over the presidency from Mr T. Roberts, general manager (UK) of the General Accident Fire and Life Assurance Corporation. Mr J. A. S. Neave, a director of the Mercantile and General Reinsurance Company, was elected deputy president of the Institute.

★

Mr Ronald Eaton has been appointed works director by the AGENT PLANT HIRE GROUP. He has been 19 years with the company.

RACING

BY DOMINIC WIGAN

THE WORLD'S two most famous jockeys, Willie Shoemaker and Lester Piggott, who have ridden about 12,000 winners between them, clash in an absorbing match for the Long John Scotch Whisky Challenge at Ascot. Shoemaker partners Princes Gate and Piggott is on Spanish Pool.

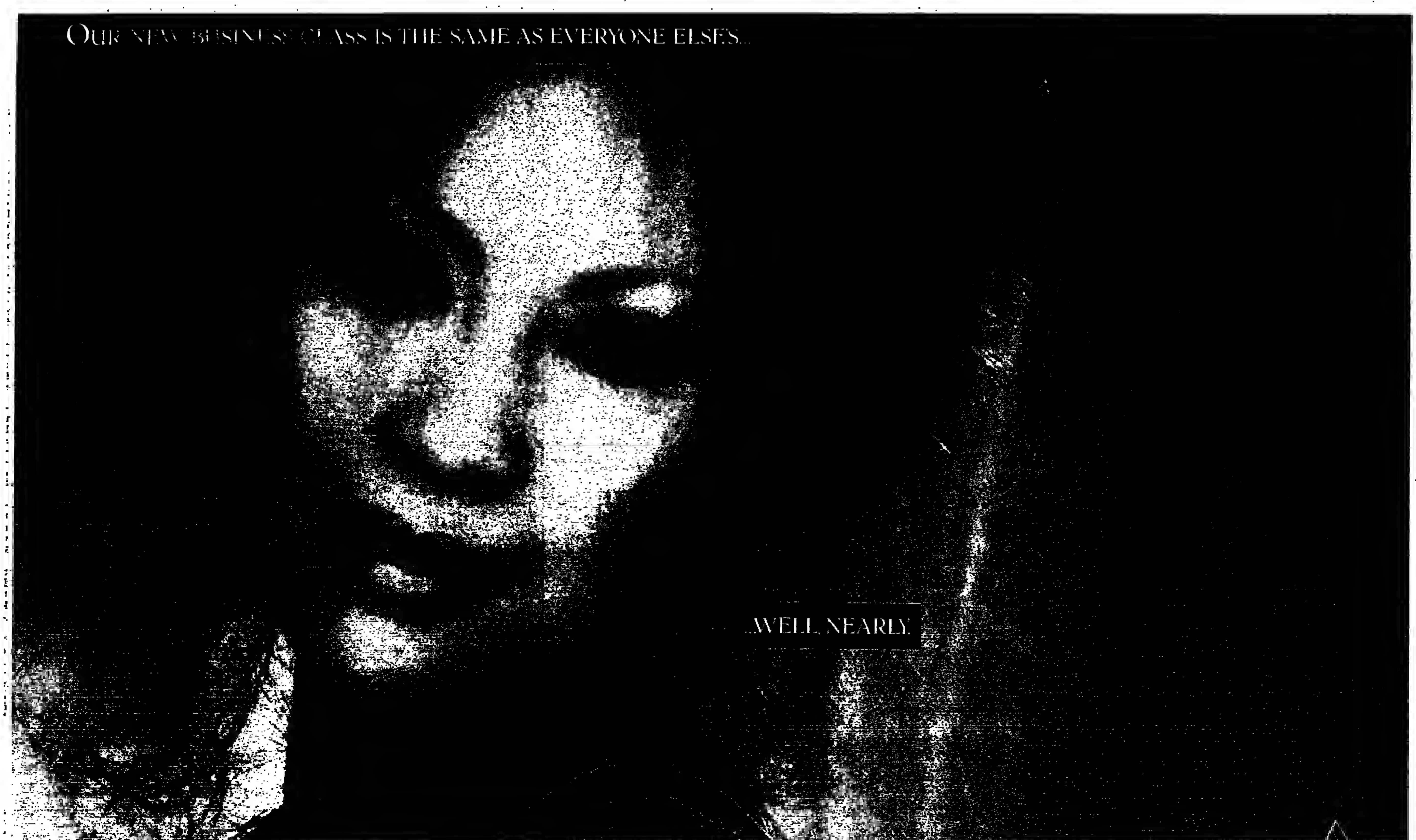
Piggott, whose record in international competitions is not as good as might be expected, will, I hope, come out on top. Spanish Pool just got the better of Princes Gate at Baden Baden last time out, and, although not favoured at today's weights, will be a more formidable proposition now that heavy showers have produced the "cut" in the ground he probably needs for his best running.

In a typically wide-open race for the afternoon's most valuable handicap, the Esal Bookmakers' Charity Stakes, the David Elsworth filly, Mighty Fly, will give her supporters a good run at reasonable odds. A neck runner-up to Home Coming, from whom she was, admittedly, receiving 26 lbs at Doncaster last time out, Mighty Fly will make a bold bid to take advantage of the 3 lbs she receives from Relkina.

Perchance is game and her determination could see her back on the winning trail in the Ewar Stud Farms Stakes for apprentices. Last time out, Sheikh Mohammed's filly did well to separate Grand Maitre and Aura in a 13-runner handicap at Kempton.

ASCOT
2.15—Spanish Pool
2.35—Perchance***
3.10—Mighty Fly
3.45—Positron
4.20—Copper Beeches
4.50—Airfield
5.20—Fatih

REDCAR
2.45—Hittite Warrior
3.15—Channing Girl*



Exclusively designed wider seats. More leg room. Never more than one seat from the aisle. Exclusive 747 cabin zone. Specially assigned cabin crew. A wider choice of meals. Quality wines. Royal Doulton china. Special check-in counter. Baggage priority. 30 kilo baggage allowance. Lounge facilities at most airports. You get all this in Singapore Airlines Business Class with one very special extra nobody else can offer. The kind of in-flight service even other airlines talk about.

SINGAPORE AIRLINES

TECHNOLOGY

EDITED BY ALAN CANE

Electronic tools for the senior manager

Decision Support—jargon or jewel?

BY ALAN CANE

WANDER ROUND any computing exhibition, especcially in the U.S., right now and you will find that manufacturers of hardware and software are offering a new donder—"decision support systems."

First, let's be clear about the meaning of this term today. It is pure computer industry jargon, a "content free expression" as one American commentator put it, another buzz word the industry uses to persuade customers to clinch deals during the worst recession many of them can remember.

But like jargon such as "management information systems" and "distributed processing" before it, DSS has a distinguished pedigree and some of the companies offering these systems have invested time and money in developing products genuinely suited to their users' needs.

Decision Support Systems are, in essence, computer systems designed to mesh with manager's existing activities and needs while extending their capabilities. Peter Keen of Stanford University and Michael Morton of Massachusetts Institute of Technology in their book Decision Support Systems (Addison-Wesley, 1978) spelled out DSS characteristics:

● They assist managers in their decision processes in semi-structured tasks.

● They support, rather than replace, managerial judgement.

● They improve the effectiveness of decision making rather than its efficiency.

In short, they provide a better quality of information so that managers can make better decisions.

A few chief executives of large corporations—Ben Heineman, president of Northwest Industries, is a good example—have computer terminals on their desks and use them, but DSS is, in general, aimed at middle to senior managers. The people, in fact, who make most of the day-to-day decisions in any company.

Mr Richard Crandall, chief executive of Comshare, the U.S.-based computer services company which developed a DSS for Owens-Illinois (described in the FT, 14-9-82) is a consummate computer technician yet he has no terminal in his office: "I am dedicated to using our systems the way our clients use them," he argues, and the screen lives in the office next door.

The problem in DSS is to get data out of a computer memory in a useful form and assemble it on a computer terminal screen so it means something to an executive with no computer knowledge or training.

An effective system has to provide information immediately, in a form in which the customer could ask "what if" questions, respond to a high rate of change—and continue to function even using inadequate and incomplete data.

The computer systems of the 1960s-70s were simply not up to it. Mr Crandall points out: "The data processing manager started to get a black eye towards the end of the 1970s."

Simple modelling systems were developed but business problems moved from two dimensions to three at the same time: "You couldn't get an answer overnight anymore. The software became horrendously complicated and the charges were huge," Mr Crandall recalls.

Comshare produced first a data management system called Composite 77 which became its "Questor" product. Its present DSS is called Wizard (System W in the U.S.), distinguished by the fact it was written in the UK by Comshare's British subsidiary. It is a business modelling system, a piece of software that will assemble disparate data so that complex relationships between different sets of figures can clearly be seen.

Add Comshare's "Execuchart" a minicomputer capable of creating graphs and diagrams in many colours and you have a system which can make order out of data chaos and present the result on a screen.

Mike Lavelle, manager of product development for Wizard systems explains that Wizard makes possible complex multi-dimensional business modelling in which the model can represent several different viewpoints simultaneously. It allows sensitivity analysis, queries and complex report generation.

In its present form Wizard is used by Watney Mann and Pitney-Bowes among others in this country; one of its major continental users is the financial side of Peugeot, the automobile company.

But Crandall is not satisfied. Comshare is now spending millions of dollars to develop a new Decision Support System which will use Wizard as an application tool.

It depends on a new way of organising the database called "Set Theoretic Data Structures." Company lore holds that only two people in Comshare really understand the complex mathematics involved—and that one of them is bluffing.

Comshare has a host of competitors, of course, both among hardware manufacturers and software companies. Sperry Univac, for example, offers a Decision Support and Development package including a system called "Mapper" claimed to make it simple for end users (not the dp department) to develop application programs. Among 300 customers, world-wide, it is used by the Santa Fe Rail-road and GTE in the U.S. and Abbey National Building Society and John Brown Engineering in this country.

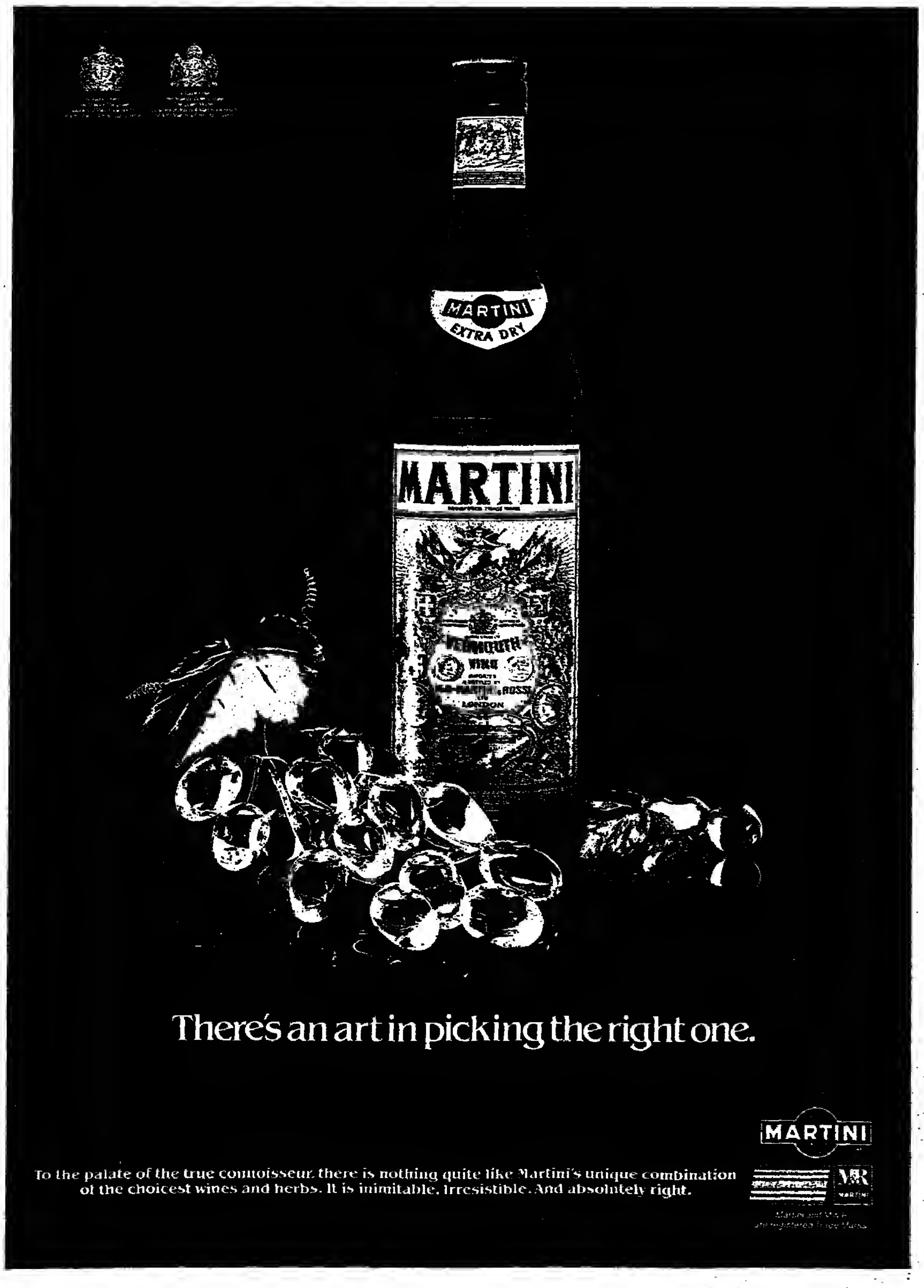
In the UK companies such as Grafox of Oxford have a system called "dataplot" which has been installed at the headquarters of Ranks Hovis McDougall for the production of management graphics for use at weekly directors' meetings.

According to the company the system is microcomputer based: "The database may be updated from a remote source so that relevant data can be transmitted from the company's mainframe."

DSS cuts across a number of large databases, production of sophisticated reports, production of colour graphics. Integration of all three is the key to a good system—and the tip of the iceberg is all that has been seen yet in systems development.

Comshare UK is 01-222 5665, Sperry Univac on 01-965 0511, Grafox on 0865-42597.

Richard Crandall of Comshare: 'dedicated to using our systems the way our clients use them'



Sewage disposal

Welsh Water set to save £50,000

BY ROBIN REEVES

A NEW processing plant which could provide an important breakthrough in the economics of sewage sludge disposal was commissioned this month at the Welsh Water Authority's sewage treatment works at Ponthir, Gwent, South Wales.

The WWA is expecting it to lead to a £50,000-a-year reduction in operating costs and the process could also turn out to have valuable applications in a number of chemical process industries.

Disposal

The new plant promises to provide a third less sewage sludge to be disposed of by conventional treatment methods, yet at lower operating costs. The resulting sludge is also odour-free and safe for disposal on the land.

Most sewage sludge at present is treated anaerobically. That is, it is enclosed in a specially constructed tank which excludes the oxygen of the atmosphere. This allows those bacteria which do not require or are inhibited by oxygen to multiply and consume part of the sludge.

This anaerobic digestion process produces methane gas which can be used as a fuel to heat the reactor. But the process may take as long at 32 days to treat the sludge adequately and the sludge will settle only with difficulty, producing a cloudy contaminated run-off. Both by-products present disposal problems whether they are got rid of on land or at sea.

The new plant is designed to do biochemically the opposite. Using a Venturi aeration device —the scientific principle involved in a motor vehicle carburretor—it blows bubbles of atmospheric oxygen into the sludge, setting of a microbial oxydation process which, pilot studies have shown, will produce a relatively clear liquor more easily disposed of, and a stable, odour-free sludge which is more suitable for land spreading. Moreover, this can be achieved in as little time as five days.

The new Ponthir plant is the fruit of collaboration between scientists at the WWA's Usk division led by Mr Geoff Gunson, its operations officer, and Dr Simon Morgan of the Electricity Council Research Centre, at Capenhurst, Cheshire.

Mr Gunson explained that he and two colleagues had begun working on the new process in the early 1970s. But it was a voluntary, spare time research activity and did not become an official WWA project until three years ago.

Initially they used pure oxygen to carry out the oxydising process. But, though very effective technically, it involved too high capital and running costs for general application.

In the meantime, Capenhurst had been working on speeding up the biochemical breakdown of agricultural effluence, a major problem on intensive livestock farms. Successive improvements in the design of a Venturi aerator led them to produce a unit which can now transfer 30 per cent of the oxygen in the air into solution.

By joining forces, and involving a West Wales engineering company, Maguire's, which manufactures pumps and small hydro generators, the WWA and Capenhurst had now produced a sewage treatment unit which uses air rather than pure oxygen as the oxidant.

Mr Gunson is cautious about predicting the full value of the savings. But they include the fact that a significant amount of the dry weight sludge is lost through its conversion to carbon dioxide and water by the oxidising process. The treated sludge also "dewaters" more easily, reducing the need for chemical flocculents.

Another advantage is that the oxydising process generates heat as it proceeds, thereby raising the metabolic activity and possibly "pasteurising" the sewage to reduce pathogen numbers.

Monitoring

This is among the aspects of the process which is being monitored. The new system can also be incorporated into existing equipment with a minimum of additional capital outlay. In the case of new treatment works the process would involve a lower capital cost because the shorter processing time allows the use of smaller sewage processing vessels.

Having used the Ponthir treatment plant as a test bed moreover, Maguire's are convinced that the Venturi system has many more applications such as for oil degradation and pharmaceuticals manufacture.

The Welsh Office is also backing an investigation into the system's possible utilisation in industries using sulphuric acid, which is much more efficient if it can be first oxygenated.

Flexible manufacturing

High speed test for cylindrical work

BY MAX COMMANDER

LASER-CHECK is a new type of gauge for checking the diameters of cylindrical workpieces at very high speeds. It has been developed by Machsize of Leamington.

Machsize claims that only the simplest of mechanical fixtures are needed for the programmable gauge, and in many cases to adapt the instrument to check different workpieces entails no more than a change of computer program. It is, therefore, ideal for use when CNC turning machines have been incorporated into flexible manufacturing systems.

Laser-Check is an optical, non-contact gauge and could be useful for checking components such as the metering rods of carburettors which can deflect under the load of a mechanical gauging probe.

Similarly, laser scanning can avoid the damage that probes may cause on some materials—ceramics in a green, unfired condition are an example. Spark plug manufacturers will be interested in this advantage.

There are three components —the laser scanner, linear slide and a microcomputer. Basically, it's a simple unit in which a light beam is made to scan by a rotating mirror. An optical detector receives the light beam, which while tracking across the measuring area is able to maintain a constant orientation after passing through a collimator.

When placed in the measuring area the workpiece obstructs the beam and this is sensed and evaluated by the image processor to give the diameter reading. Operating speed is 200 scans per second, but in practice the VDU display is based on a series of measurements to give an average value.

The standard models developed by the company have measuring ranges from 0.1mm to 15mm to 1mm-150mm. Resolution of the smallest is 0.001mm. In the event of a very large workpiece a gauge with two scanners can be built to check the diameter.

The linear slide, driven by a stepping motor, can move the workpiece across the scanner to measure diameters of different features. For example, the gauge can check both main and crankpin journals of a crankshaft.

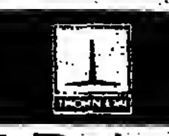
It can assess barrelling or taper and according to the model the travel of the linear slide can be 250, 500 or 1,000 mm.

The company believes that while the gauge has been designed as a free standing unit a good application would be in a flexible manufacturing cell, say of a CNC turning machine plus robot. This could be for the production of a family of similar components such as gearbox mainshafts from forged blanks.

Loaded and unloaded by robot the Laser-Check could be used to check blanks before machining and after machining the gauge could instruct the robot either to transfer work to the next stage of production or aggregate an out of tolerance workpiece.

Additionally, at regular intervals, say every 100 workpieces, the robot could load a master component of known size into the gauge thus ensuring that the Laser-Check would be automatically calibrated.

The man to talk to for more technical details is Duncan Smyth (0926 312542).



Be in control with
THORN EMI Automation
Rugeley, Staffs, England
Controls for industry

Finishing

Portable paint spray

A RANGE of accessories designed for spraying systems including an air transformer, air and fluid hoses, half gallon remote pressure cup and a small portable paint supply system, has been introduced by Graco, the French based company.

The air transformer has a pressure control, lockable adjusting valve with a metal body and sight glass. It is available with single or double outlets. Capacity is 80 CFM (2.2 m3/min) with maximum regulated pressure at 125 psi (8.5 bar) and maximum inbound pressure 250 psi (17 bar).

The fluid hose is of 9.5mm inside diameter and the air hose 7.9mm. Graco has a brochure illustrating the range. In France the company is at 113, rue des Solets, 94523 Rungis-Silic-France (Tel 687 22 38), or in the UK at Wednesfield, Wolverhampton (0902 51924).

Process

Valve regulator

MASONEILAN, Riverside Way, Uxbridge has developed the 77-4/S supply valve regulator designed for the accurate control supply pressure to dead end devices in the processing industries. Manufactured in stainless steel, all internal parts meet specifications laid down for sulphide stress cracking resistant metallic material for oil field equipment. More on 0895 58161.

Instruments

Monitor for fuel oils

A DANISH manufactured device for shipboard and industrial use which can detect and measure water contamination of lubricating and fuel oils in diesel or turbine engines is to be marketed in the UK and the Irish Republic by Marine Ventures, 8, Waterloo Place, London (01-930 0515).

Known as the Survey Water Monitor it operates on the principle of the differential between the boiling points of water and oil. A sample is heated to 130°C which is sufficient to evaporate the moisture contained in the sample but below the boiling point of oil. A microprocessor measures the condensate from the boil off and gives a digital reading of the percentage of contamination.

Bureau Veritas, the French classification society has given the instrument a certificate of approval. Technical literature is available on request.

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TABS

هكذا من الأصل

Now-a monthly income from National Savings

An income that leaves your capital intact

Now, through National Savings you can use your savings to top up your earnings or your pension.

If you've £5,000 or more to invest, the new National Savings Income Bonds will provide you with a regular monthly income, leaving your capital untouched. The cash value of your investment is totally secure.

Competitive interest rates.

The interest rate will be varied from time to time to keep it competitive.

The bonds currently pay 13½% p.a. and the interest is earned on a day to day basis from the date your payment is received at the Bonds and Stock Office.

This is the income you would get at various levels of investment:

Amount Invested	Average monthly income (at 13½% p.a.)
£5,000	£56.25
£25,000	£281.25
£60,000	£675.00

Each £1,000 invested produces an additional income of £11.25 (=£135pa).

You can have the monthly income paid directly into your bank account, or sent to you by post. The choice is yours.

£200,000 maximum.

You can buy Income Bonds in multiples of £1,000, with a minimum purchase of £5,000 and a maximum of £200,000.

The high holding level means that the new Bonds can provide a valuable form of income to trusts, registered companies, charities, friendly societies and clubs.

Interest paid in full.

Interest is taxable, but no tax is deducted at source. This is beneficial to organisations and personal savers who are not subject to tax, including children with money held in trust.

Repayment.

You will receive the full rate of interest up to the date of repayment, provided you give six months notice and the Bonds have been held for a year or more at the time repayment is made.

For details of the terms for cashing in at three months notice, and for cashing in during the first year, see paragraph 6 of the prospectus, which is published in full, below.

The prospectus and application form together with a pre-paid addressed envelope is also available at Post Offices.

How to invest.

You can buy Income Bonds by completing the coupon and posting it with your cheque, made payable to "The Director of Savings" and crossed 'A/C payee', to this address: The Controller, NSIB, Bonds and Stock Office, Blackpool FY3 9YP.

NS Income Bonds

PROSPECTUS

1. The Director of Savings is authorised by the Lords Commissioners of Her Majesty's Treasury to receive until further notice applications for National Savings Income Bonds ("Bonds").

2. The Bonds are a Government security, issued under the National Loans Act 1968. They are registered in the National Savings Stock Register and are subject to the Regulations relating to the National Savings Stock Register for the time being in force, so far as these are applicable. The principal of and interest on the Bonds will be a charge on the National Loans Fund.

PURCHASE

3.1 Subject to a minimum initial purchase of £5,000 (see paragraph 4.1) a Bond may be purchased for £1,000 or a multiple of that sum. Payment in full must be made at the time of application. The date of purchase will for all purposes be the date of receipt of the remittance, with a completed application form, at the Bonds and Stock Office, Blackpool, or such other place as the Director of Savings may specify.

3.2 An investment certificate, bearing the date of purchase, will be issued in respect of each purchase.

HOLDING LIMITS

4.1 No person may hold, either solely or jointly with any other person, less than £5,000 or more than £200,000 of Bonds. Bonds inherited from a deceased holder will not count towards this permitted maximum. Furthermore, Bonds held by a person as trustee will not count towards the maximum which he is permitted to hold in his personal capacity; nor will Bonds held in trust count towards the permitted maximum of a beneficiary's personal holding.

4.2 The Treasury may vary the maximum and minimum holding limits from time to time, upon giving notice. No such variation will prejudice any right under the prospectus enjoyed by a Bondholder immediately before the variation in respect of a Bond then held by him.

INTEREST

5.1 Interest will be calculated on a day to day basis from the date of purchase at a rate determined by the Treasury ("the Treasury rate").

5.2 Interest will be payable on the 5th day of each month. The Director of Savings may defer payments of accrued interest otherwise due in respect of a Bond within the period of six weeks following the date of purchase until the next interest date following the end of that period.

5.3 If on repayment the Bond has, by reason of paragraph 6.1, earned less interest than the total already paid in respect of the Bond under paragraph 5.2 the balance will be deducted from the sum to be repaid. Any interest earned on the Bond and not already paid before repayment will be added to the sum to be repaid. If, in the case of repayment under paragraph 6.2, it is not reasonably practicable to stop an interest payment from being made after the repayment date the amount of that interest payment will be deducted from the sum to be repaid.

5.4 The Treasury may from time to time vary the Treasury rate upon giving six weeks' notice.

5.5 The Treasury may from time to time vary the intervals at and dates on which interest is payable, upon giving notice, and in so doing may specify holding limits above or below which any variation will apply. No variation will apply to a Bond issued before the variation unless the Bondholder agrees to such application.

5.6 Interest on a Bond registered in the sole name of a minor under seven years of age will normally be paid into a National Savings Bank account in the name of the minor.

5.7 Interest on a Bond will be paid without deduction of Income Tax, but it is subject to Income Tax and must be included in any return of income made to the *Inland Revenue*.

REPAYMENT

6.1 A Bondholder may obtain repayment of a Bond at par before redemption upon giving either three or six calendar months' notice. The amount of interest earned by the Bond from the date of purchase until repayment will be determined by the period of notice given by the Bondholder and by whether or not repayment takes place before the first anniversary of purchase.

	3 months' notice of repayment	6 months' notice of repayment
Repayment before the first anniversary of purchase	No interest in respect of any period	Interest at half the Treasury rate from the date of purchase to the date of repayment
Repayment on or after the first anniversary of purchase	Interest at the Treasury rate from the date of purchase to the date the notice of repayment is received at the Bonds and Stock Office	Interest at the Treasury rate from the date of purchase to the date of repayment

6.2 Where an application for repayment of a Bond is made after the death of the sole or sole surviving registered holder no fixed period of notice is required and the Bond will earn interest at the Treasury rate from the date of purchase up to the date of repayment, whether or not repayment occurs before the first anniversary of the purchase.

6.3 Any application for repayment of a Bond must be made in writing to the Bonds and Stock Office, Blackpool and accompanied by the investment certificate. The period of notice given by the Bondholder will be calculated from the date on which the application is received in the Bonds and Stock Office.

6.4 Application may be made for repayment of part of a Bond in an amount of £1,000 or a multiple of that sum provided that the holding of Bonds remaining after the part repayment will still fall within the minimum holding limit imposed by paragraph 4.1 as varied from time to time under paragraph 4.2. The preceding sub-paragraphs will apply to the part repaid as to a whole Bond: the remaining balance will have the same date of purchase and the same interest arrangements applicable to the original Bond immediately prior to repayment.

PAYMENTS

7. Interest will be payable direct to a National Savings Bank or other bank account or by crossed warrant sent by post. Capital will be repayable direct to a National Savings Bank account or by crossed warrant sent by post.

MINORS

8. A Bond held by a minor under the age of seven years, either solely or jointly with any other person, will not be repayable, except with the consent of the Director of Savings.

TRANSFER

9. Bonds will not be transferable except with the consent of the Director of Savings. Transfer of a Bond or part of a Bond will only be allowed in amounts of £1,000 or a multiple of that sum provided that it will not be allowed if the holding of the transferor or transferee would thereby be outside the holding limits imposed by paragraph 4.1 as varied from time to time under paragraph 4.2. The Director of Savings will normally give consent in the case of, for example, devolution of Bonds on the death of a holder but not to any proposed transfer which is by way of sale or is for any consideration.

NOTICE

10. The Treasury will give any notice required under paragraph 4.2, 5.4, 5.5 or 11 of the prospectus in the London, Edinburgh and Belfast Gazettes or in any other manner which they think fit. If notice is given otherwise than in the Gazettes it will as soon as is reasonably possible thereafter be recorded in them.

GUARANTEED LIFE OF BONDS

11. Each Bond may be held for a guaranteed initial period of 10 years from the first interest date after the date of purchase. Thereafter, interest will continue to be payable until the [illegible] of the Bond. The Bond will be redeemable at par at the end of the guaranteed initial period or on any interest date thereafter [illegible] six months' notice by the Treasury. The Director of Savings will write to the Bondholder before redemption, at the last recorded address for his Bond, informing him of the date of redemption notified by the Treasury.

FT6 APPLICATION FOR NATIONAL SAVINGS INCOME BOND

To the Controller, NSIB, Bonds and Stock Office, Blackpool, Lancs FY3 9YP.

BLOCK LETTERS PLEASE

1. I/We accept the terms of the Prospectus and apply for a Bond to the value of:- £ ,000 — Initial minimum of £5,000 and multiples of £1,000 to a maximum of £200,000

2. Surname(s) Full Christian name(s) or forename(s) Mr/Mrs/Miss

Address (including postcode)

Name of Trust (if applicable) Date of Birth (if under 7) Day Month Year

3. NAME AND ADDRESS FOR DESPATCH OF INVESTMENT CERTIFICATE (if different from above).

Name

Address

4. DIVIDENDS TO BE PAID BY CREDIT TO:- (If not to a National Savings Bank or other bank account, enter name and address to which dividend warrants should be sent).

Bank

Address

A/c Name(s) A/c No

5. Signature(s) Date 19

THE PROPERTY MARKET

BY ANDREW TAYLOR

Surplus still rising

THERE ARE still no indications of any significant revival in letting activity in the industrial property market—widely expected to provide one of the earliest signs of any sustained improvement in the economy.

The amount of empty factory and warehouse space in England and Wales is still rising and last month stood at a record 168.1m sq ft, according to figures published today by King and Co.

As the effect of the recession has spread, so even the previously more buoyant industrial property markets in the south-east have seen marked increases in the amount of vacant factory and warehouse accommodation on the market.

According to King & Co. the greatest increase in empty industrial accommodation, since the agents previous survey in April this year, has occurred in the northern home counties where the amount of vacant factory and warehouse space has risen from 10.9m sq ft to 13.8m sq ft.

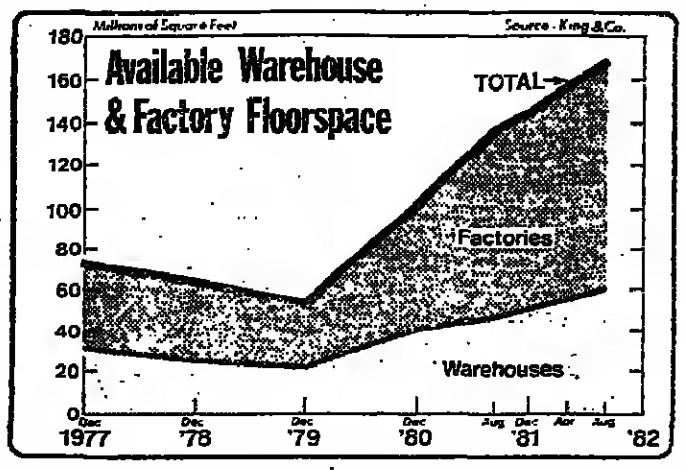
The one comfort that can be drawn from the figures is that the pace at which empty industrial buildings have been coming onto the market is clearly slackening and is much slower than at the same stage a year ago.

Since April, the total amount of industrial floorspace available in England and Wales has risen, according to King & Co's figures (which exclude the smallest industrial properties) by 5.73 per cent. This compares with a rate of increase of almost 9 per cent between December and April this year.

Some agents, too, have been encouraged by what they describe as increased interest from potential tenants and purchasers for owner occupation. But deals are taking a long time to complete and there is a wide gap between an expression of interest in a property and the conclusion of a sale or letting. Tenants and purchasers have a wide choice of premises on the market and are clearly shopping around for the best deal.

Given this state of affairs it is premature to talk about a recovery in the industrial property on the back of one or two successful lettings when many other properties are still struggling to find takers.

The most important ingredient needed to stimulate a recovery in the sector — a resurgence of confidence among industrialists and manufacturers —is still missing. There are few signs that it is about to return.



● London's best known umbrella shop, Jas. Smith and Sons, is among a group of properties on the 5,000 sq ft island site in New Oxford Street which has been sold by Crown Estate Commissioners for more than £1m to Aquis Securities. The block includes a restaurant, public house, two further shops and office and residential accommodation and presently generates an annual rental income of £78,603. Sweby Cowan McGlashen represented Aquis while Drivers Jonas acted for the Crown Estate Commissioners.

Phillips finally opts for the Adelphi

THE LONG search by Phillips Petroleum for a new London headquarters complex is finally over. One of the market's worst-kept secrets—that the oil group will be taking the Adelphi complex close to Charing Cross station—was finally confirmed by Town and City and the Prudential who are undertaking a £90m refurbishment scheme with several months still to run.

The oil group, which is currently scattered around the Victoria area in a variety of buildings, took a long hard look at every possible address in the central office area before opting for John Adam Street and a rental thought to be in the region of £4m a year. There is a 35 year lease with five-year reviews.

The 300,000 sq ft net Adelphi complex was purchased jointly from the Church Commissioners by Town and City and the Prudential in 1970, with a view to modernising the office building when leases to the Department of the Environment run out. The DOE began to vacate the building last year and Town and City moved in.

The Prudential has held the freehold throughout, with Town and City holding a long leasehold interest. This, however, has now been assigned to the Pru and the property company's interest is now confined to its role as project manager.

Bruce MacPhail of Town and City is not spelling out terms of the deal with the Pru but says the outcome "will not be an unhappy one." Proceeds from the assignment, which will be related to the final cost of the refurbishment "will not be in terms of *millions*," he adds.

Phillips have been talking to the Pru and Town and City for a year and during that period the deal looked on and then off on more than one occasion. Knight Frank and Rutley acted for the oil group during the discussions.

While Phillips talked—a variety of deals as an alternative to a letting were discussed—Shell also showed an interest and at one stage was apparently very keen on signing up. According to MacPhail: "We assumed that Shell, which is located next door, would be the natural candidate for the space and although this looked likely at one point, it was not to be."

The Adelphi building was built in 1938 and required a special Act of Parliament in view of the location's architectural merit and historical associations. The name Adelphi—"two brothers"—was a reference to the Adam brothers who lived and worked in the area and Town and City were given fairly limited scope by the planners when it came to modernisation.

Work on the building, which comprises a basement, ground, mezzanine and nine upper floors, should be completed by the middle of 1983 at the latest.

New Park Royal plan

METAL BOX and Unigate have started work on an £80m industrial and office complex on their adjoining sites in West London, totalling 33 acres on Western Avenue next to Park Royal underground station.

Under discussion for more than three years, and granted consent by Ealing Council and the GLC in August 1981, the scheme (to be named Park Western) has permission for 417,000 sq ft gross of industrial and warehouse space and 315,000 sq ft net of offices designed to suit either a single company or a number with smaller requirements.

Metal Box and Unigate are putting in the land and sharing the initial funding burden. But they are looking for additional finance, with an institutional partner high on the options list.

The scheme, said to be one of the largest in London, starts with the industrial and warehousing complex and the first units should be available for occupation next year. Discussions have apparently reached an advanced stage for preletting some 80,000 sq ft in two units.

Unigate will retain a small corporate head office within part of the office accommodation, which is to be built to occupiers' requirements.

Park Western has been designed by R. Seifert and Partners. Project managers are Waterloo Land and Property and joint letting agents are Dron and Wright and Jones Lang Wootton.

Schroder Property spends £3m on Bletchley offices

SCHRODER Property Fund for pension funds and charities has paid Milton Keynes Development Corporation around £3m for Stephenson House, Bletchley, an 80,000 sq ft office building. Tenants include Legal and General, Halifax Building Society and the Inland Revenue. The current annual rental for the building totals £208,822. Weatherall Green & Smith and Schroder Properties acted for the fund while Milton Keynes Development Corporation were advised by St Quintin.

● Royal Life Insurance has purchased 24-27 Great Pulteney St, W1, the former London headquarters of Carrington Viyella. The purchase price of the building, let to AES Data (UK) at £210,000 a year, has not been disclosed although the asking price was £2m. The sale involved a joint transaction between Carrington Viyella, long leaseholders, and freeholder Sir Richard Sutton's Settled Estates. Raffety Buckland and Smith Melzack acted for the vendors, Hamptons acted for the freeholders and St Quintin represented Royal Life.

● Trafalgar House Developments is seeking, through Baker Harris Saunders, an annual rent of £1.15m for 82-86 Fenchurch St, EC3, now nearing completion. Trafalgar has a 125 year lease on the 58,000 sq ft net building from New College, Oxford.

● Speyhawk NV has been appointed developer for the renovation of 410 Madison Avenue, New York. Weatherall Green and Smith are retained as leasing agents and will be seeking tenants for the 58,000 sq ft office building.

● Hogg Robinson has asked Debenham Tewson & Chinnocks to dispose of 54,000 sq ft of floorspace in Lloyds Chambers, the group's new office building in Portsoken St, Minories. The asking rent is £975,000 a year for a 25 year lease. The building is currently under construction and is being funded by Norwich Union.

● Kane Investments, 50 per cent owned by Phoenix Properties and Finance, has lodged an appeal against the initial refusal by Mole Valley District Council of planning permission for the first stage of its proposed £100m development at Povey Cross on the northern perimeter of Gatwick Airport.

● Following a $6.1m purchase in Houston, unnamed clients of Allsop & Co. and Wells Fargo Realty Advisors have paid $3.7m (£2.3m) for the 51,000 sq ft Lakewood Place office building in the suburbs of Denver, Colorado. Another U.S. deal is close to completion. The client is believed to be Wells Fargo Property Unit Trust, which has names like F & C, British Home Stores and the Imperial group among its unitholders.

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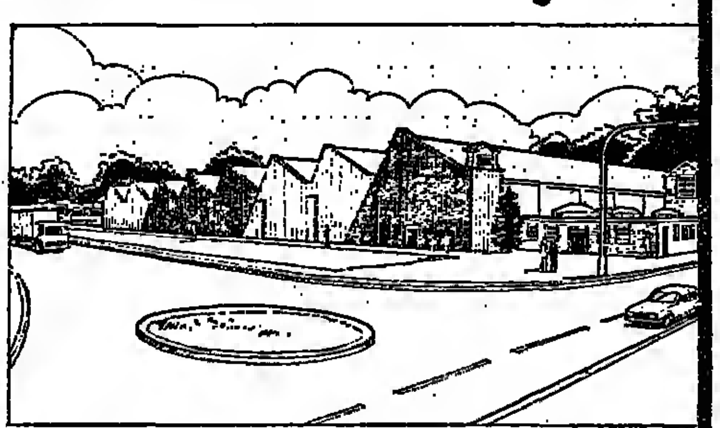

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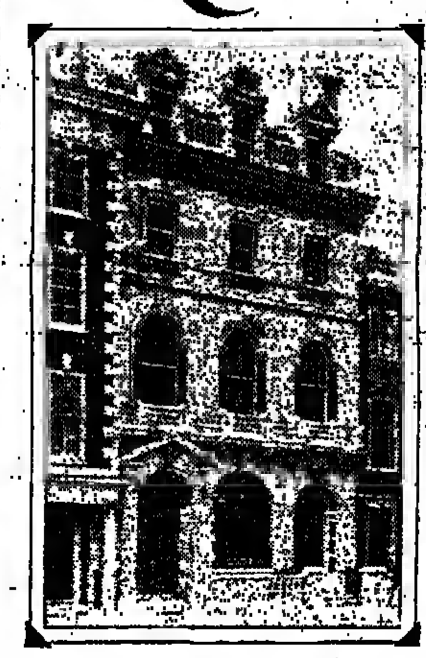

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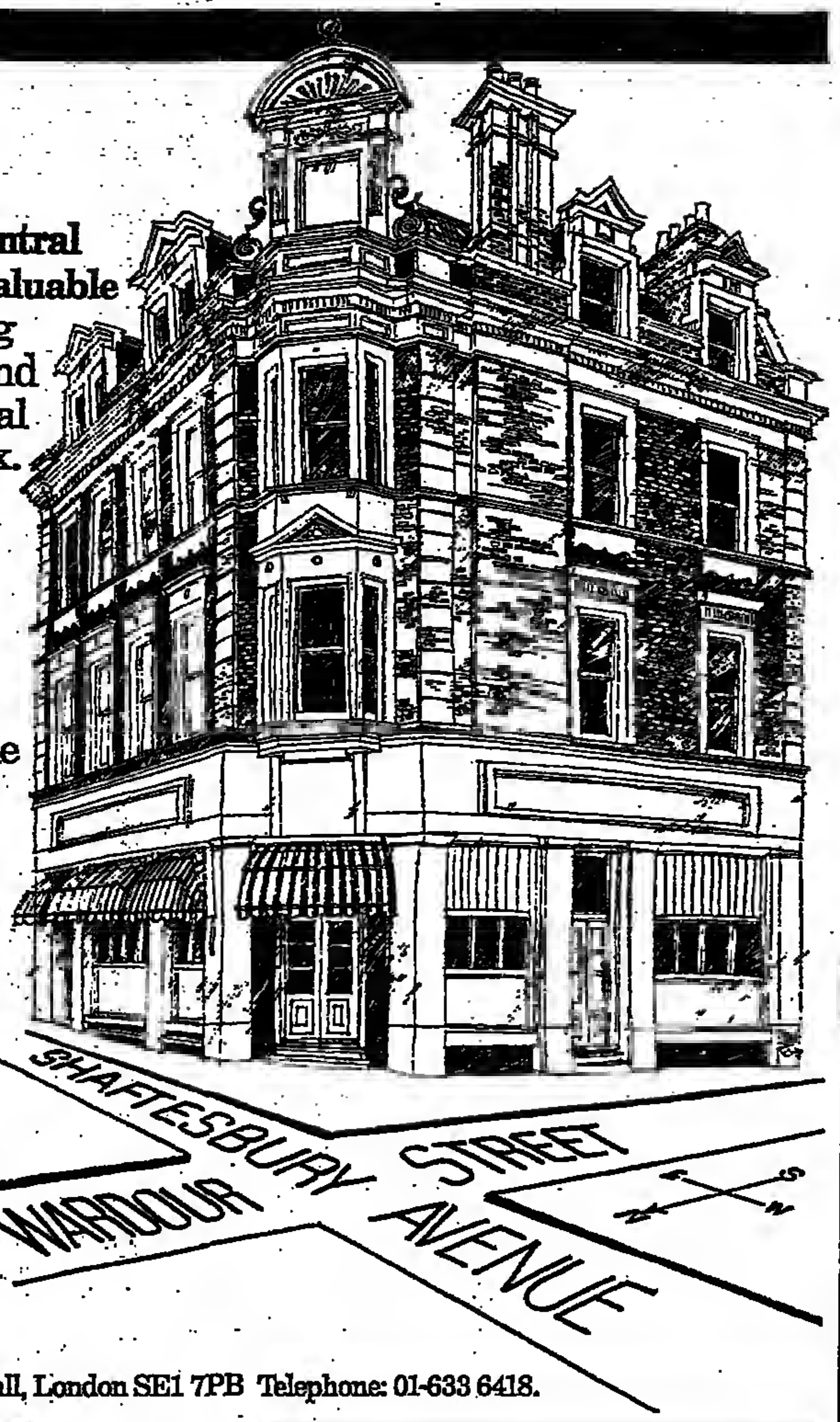

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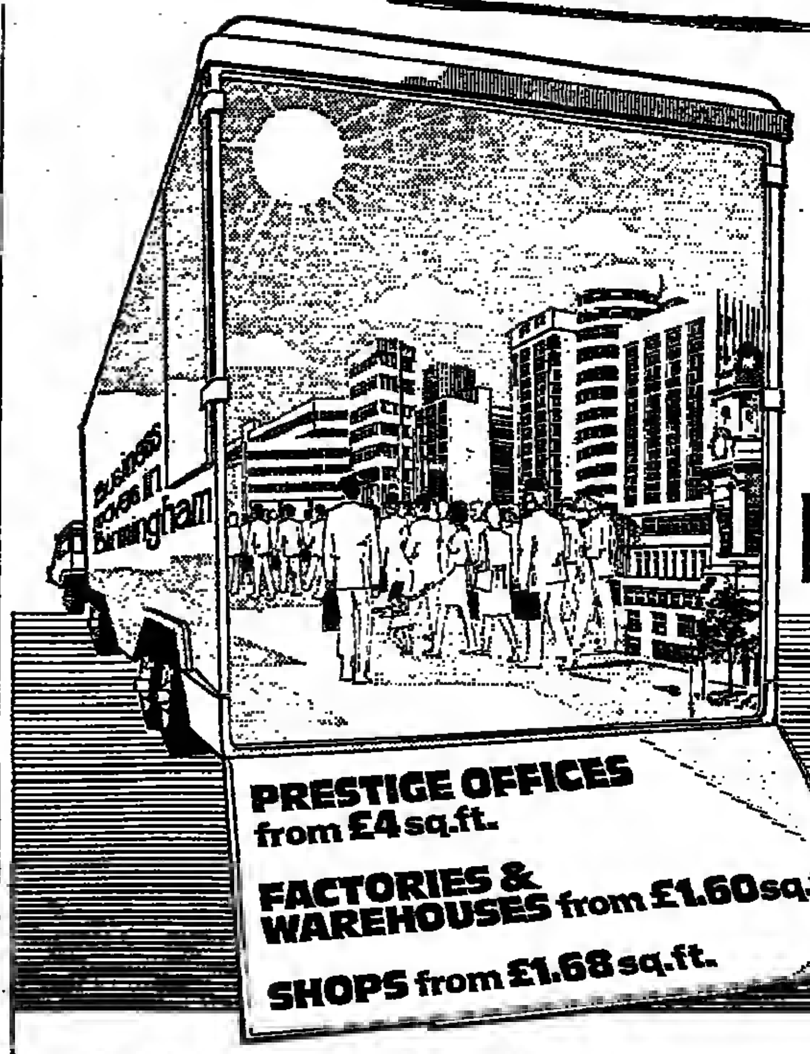

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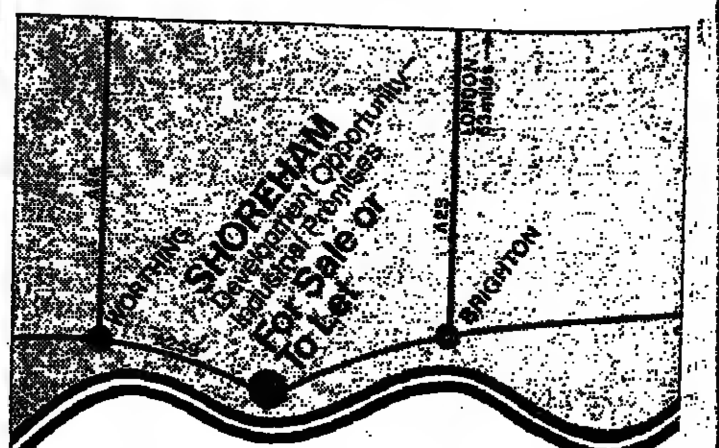

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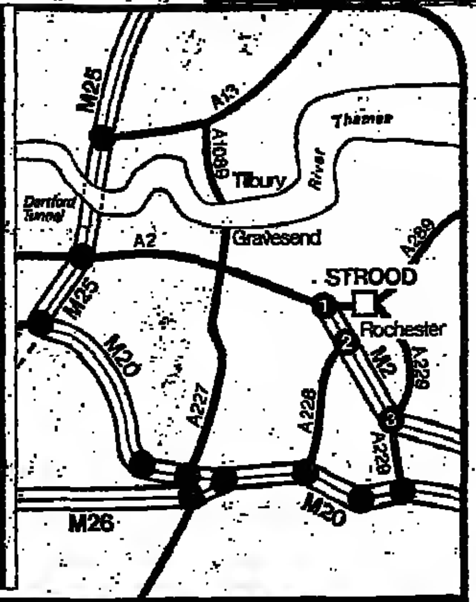

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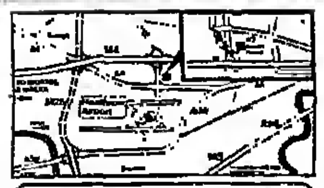

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Why home help for directors is under scrutiny

BY ARNOLD KRANSDORFF

WHEN Ralph Quartano stood up and interrupted Marks & Spencer's annual meeting in July, he must have known he was lighting a short fuse.

No executive, least of all a director, takes kindly to anyone questioning the perks which come with his job. So the Marks & Spencer board was highly embarrassed when Quartano, the head of one of Britain's largest investment institutions, challenged its exclusive house purchase scheme, from which eight of them are benefiting.

With the assertion that "it is important for St Michael to be on the side of the angels," he claimed that M & S was in breach of Stock Exchange rules by not securing shareholder approval for the deals.

In the event Marks & Spencer has bowed to pressure and intends to do just that; this week it called a special meeting for November 3 at which shareholders will get the chance to have their say. No doubt Quartano, who looks after the Post Office Pension Fund, will be one of those to have a say, although he has already suggested that he will not necessarily vote against the board's resolution to continue operating the scheme.

Under the deal, the directors live in company-owned houses and have the right to buy them at cost price at the end of a fixed period, so benefiting from any increase in property values. In some cases the houses have been bought by the company from the individual directors.

In total the property deals involve a sum of £1.75m. They only came to light when—to comply with the 1981 Companies Act—they were disclosed in the latest annual report and accounts.

In making his point, Quartano has certainly stirred up a hornet's nest around Marks & Spencer. But it is not the only company to hit the headlines recently with controversial house deals involving top executives.

In August 1981, for example, ICL, the loss-making British computer group, announced that it had paid £262,000 towards a £291,000 house to enable its new managing director, Rob Wilmot, to live near its headquarters rent-free. One of the company's union representatives described the perk as "quite improper" on top of a £150,000-a-year salary. But the company stood firm.

Then in January of this year it was revealed that Ralph Halpern, chairman of the Burton Group, had agreed with the company that he would pay £140,000 for a half-share in a luxury house in Hampstead with an option—for which he paid £7,500—to buy the other half at the same price during the next five years. In the event institutional investors persuaded the company to abandon the arrangement.

Another controversial house deal involved Lord Grade, the former chairman of Associated Communications Corporation. When he severed all connections with the company in June, he announced that he would be buying the company flat in which he lived.

It transpired that he had an option to buy the flat at its original cost price of £125,000. In 1981 it was valued at £405,000.

In spite of these examples, it is difficult to pin down just how extensive are such high-powered deals.

Until now it has not been necessary for a company to disclose such deals in its report and accounts, and few people are brave enough to hazard a guess about how many will now be making such an announcement.

Yet this type of information has—ironically enough—been available to the public for the past 15 years. But no one seems to have bothered to take the trouble to make a comprehensive investigation.

Any contractual arrangement between a company and directors is usually contained in an individual's service contract. Most people think that service contracts are very private documents—and they are usually right. In practice, the only people who have sight of them are, generally, the individuals who draw them up.

But the law already provides for a much wider exposure. The Companies Act 1967 requires that all service contracts be made available to shareholders should they wish to see them, and the Stock Exchange listing agreement extends this provision to outsiders such as journalists and potential investors.

"The reason why more such house deals have not come to light is that no one has bothered to look them up," says Andrew Hutchinson, principal research executive with the Institute of Directors.

In terms of the law, the latest Companies Act goes a long way to clarifying the position about perks for employees, although Hutchinson believes there could still be an important loophole through which directors can draw substantial benefit.

A company is generally in breach of the law if it makes a loan to a director rather than to a non-board employee. There are a number of exceptional circumstances—most of which have to be disclosed in the annual accounts.

One of these concerns the nature of the company's business. If the employer is a money-lending company — a bank, for example—loans to directors are perfectly lawful, so long as the terms offered are no better than those offered to other borrowers, and the lending is within the legislative limits.

Employers may also make loans to enable a director "properly to perform his duties as an officer of the company" (for foreign travel, for example—but this is limited to no more than £10,000). Such deals have to have shareholder approval and be disclosed in the annual accounts.

The law also covers deals involving non-cash assets—the approach used by Marks & Spencer. Transactions of more than £50,000 or 10 per cent of the company's net assets now have to be approved by shareholders and disclosed in the annual accounts.

It is in the area of subsidised or free rentals that there is most uncertainty.

According to Hutchinson there "could be a gap" in the law, because the Act does not cover the question of gaining shareholder approval for a director to occupy company-owned accommodation at a less than economic rent.

Lord Sieff, M & S chairman (left), and his challenger, Ralph Quartano, who says "St Michael must be on the side of the angels."

Where the law is still unclear

HOUSING transactions undertaken between Marks & Spencer and eight directors—including option agreements to purchase the group's interest in their houses at the end of the relevant leases—first surfaced, Ralph Quartano suggested at the annual meeting, because "the Companies Act 1981 obliged the disclosure of all such forms of transaction."

"It would seem," he added in a speech from the floor, "that the new Act is the only reason why shareholders now know about the options."

The essential difference between the two Acts is that the 1980 one did not require disclosure if the housing deal had either been struck before the year in question or if it was not in force during it. The M & S arrangement was struck in 1978, so the company was exempted from disclosure.

The 1981 Act overturned this by saying that disclosure was not required only if a deal was both arranged before the relevant year, and not in force during it. Since the M & S deal was still in force, this brought it within the scope of the Act.

The other key element of the disclosure requirements relates to the concept of "materiality."

Section 54 of the Companies Act 1980 laid down that particulars should be specified in the case of any "transaction or arrangement with the company in which a person who at any time during the relevant period was a director of the company or of its holding company had directly or indirectly a material interest."

But a subsequent clause of that Section gave, and still gives, a board as a whole the right to determine what is, and what is not, a "material interest."

Subsection 4 (h) of Section 54 stated that "an interest in such a transaction or arrangement is not material if in the opinion of the majority of the directors (other than that director) of the company which is preparing the accounts it is not material."

Quartano complained that "the accounts do not say what the nature of the … paid on the eight houses … For instance," he asked, "… it an open market rent … it the rateable value … that the open market … and the rent paid should … been disclosed."

He felt that the board … laid itself open "to the … ence that it was anxious to avoid seeking the approval of shareholders."

The group's decision this week to give shareholders a vote on this issue, he believes, is chiefly attributable to action taken by the Quotations Department of the Stock Exchange to enforce the regulations of the Yellow Book, which sets out the … governing the Admission of Securities to Listing.

The Yellow Book is quite unequivocal about a company's duty when it contemplates "an acquisition or disposal of assets by the company or any one of its subsidiaries from or to a director or substantial shareholder."

Any deal which involves a director or past director … known as a Class IV transaction and the details should be circulated to shareholders. The transaction, the Yellow Book stipulates, should "be subject to the approval of shareholders in general meeting."

Admission of Securities to Listing has, in the … vexed issue of directors' contracts with their companies, the enormous benefit of simplicity. If a director wants to buy or sell assets to or from his company, shareholders must be given full information and an opportunity to vote.

Recent company legislation, on the other hand, may still leave a board in reasonable doubt as to their duties and obligations.

Ray Maughan

What surveys reveal about executive house perks

THE latest rewards survey by the Institute of Directors of around 2,000 medium-sized companies reveals that five per cent of directors—including 140 chairmen and 120 managing directors—have some form of accommodation provided for them.

But perhaps the most revealing picture is provided by the latest survey of executive salaries and fringe benefits by Inbucon, the management consultancy.

In 1981 the company surveyed 619 organisations covering 7,544 top executives, including nearly 2,000 directors. The study covered only 21 companies and 208 employees in the financial sector, the balance being in mainly manufacturing industry.

The majority of the respondents—perhaps 90 per cent, says Inbucon—were publicly-quoted companies and so fall within the net of legislation.

The survey found that overall, 7.4 per cent of executives—more than 525—received mortgage loans at reduced rates while slightly less than 1 per cent had the use of a company house.

Within this sample, cheap loans were made available to more than 650 managing directors, more than 1,000 general managers and a similar number of export sales executives.

Subsidised housing was made available to 120 managing directors and a similar number of company secretaries.

Although no distinction is made between board and non-board personnel, this suggests that there is a sizeable number of directors receiving house loans on favourable terms.

As the survey was made before the 1980 and 1981 Acts came into effect this does not mean that they are in breach of the law. But it does mean that they will now have to disclose such deals to remain within it.

In a recent survey of 400 companies, the British Institute of Management found 13 organisations which provided company flats or houses for directors and senior managers, four of them offering the accommodation rent-free.

The survey also showed that around half the companies assisted employees with home purchase, but usually only when they were transferred at the request of the company. The most common forms of assistance were bridging loans and guarantees to building societies.

Apart from survey researchers and the directors themselves, the people who might be best expected to know the extent of such practice are the executive headhunters, who are often involved in negotiating conditions of employment on behalf of client customers.

But a check with a number of such organisations encountered repeated denials that they knew of any Marks & Spencer-type deals, although there were said to be frequent examples of companies providing forms of financial assistance such as cheap mortgage facilities or subsidised rentals.

It is certainly likely that more private than public companies are providing such deals. But because private companies are not covered by the disclosure requirement, the true picture may never be known.

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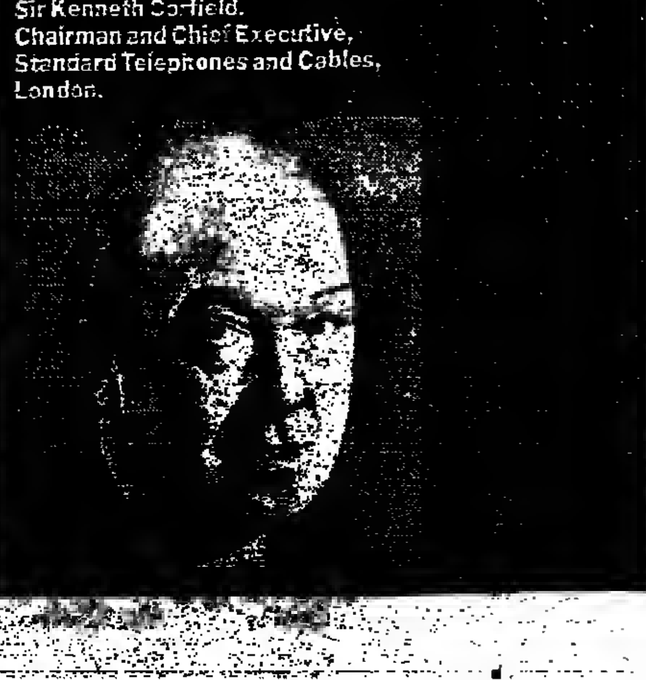

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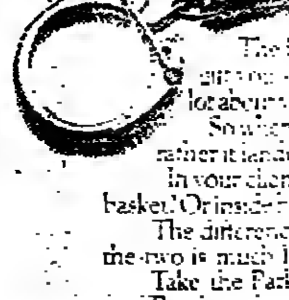

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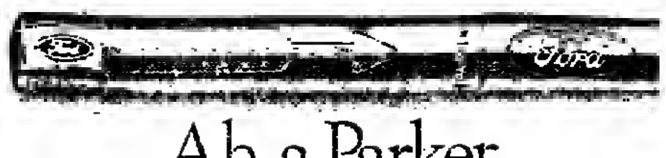

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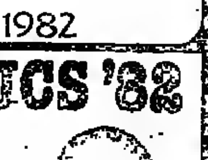

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THE ARTS

Cinema/John Pym

Getting on with Woody Allen

A Midsummer Night's Sex Comedy (AA) Warner West End, etc

Lenny Bruce (no certificate) Scala Cinema

Norman Loves Rose (AA) Classic Tottenham Court Road, etc.

Beggars of Life (A) Electric Cinema

This week yields the work of two original, very different Jewish American humourists: Woody Allen's latest departure, the pastoral romp *A Midsummer Night's Sex Comedy*, and a rough black-and-white record of a [illegible] routine delivered by Lenny Bruce in a San Francisco night club shortly before his death in 1966.

Woody Allen has for several years been applying himself with varying success to the task of scotching the notion that his early films, the anarchic "funny" ones, were his best. He has been accused of pretentiousness, of attempting a European sophistication (and his films have made so much money that he can attempt anything he likes without front-office interference) for which, being at heart a Brooklyn unsophisticate, he is ill-equipped.

A Midsummer Night's Sex Comedy, set in a spacious clapboard house deep in the countryside of upstate New York and ravishingly photographed by Allen's regular lighting-cameraman Gordon Willis, is on one level hardly a comedy at all. In place of the sharp Manhattan repartee and the buffoonery of earlier films, Allen, ever the innovator, offers us whimsicality. He shirks the proceedings with odd verbal flourishes and the odd judicious piece of business, but chiefly, it seems, to demonstrate that he has not lost the knack.

Couples perform a sexual quadrille: the plot, as mentioned last week, is based loosely on the elegant and knowing comedy *Smiles of a Summer Night* (1955), the first film by Allen's idol Ingmar Bergman to have been widely shown outside Sweden. The tone is of an idyllic country weekend. To the home of Andrew Hobbs (Woody Allen), a Wall Street man, an inventor of crazy flying machines, comes an insufferably pompous professor (José Ferrer) and a doctor (that perenial sexual sophisticate Tony Roberts).

In former days, Andrew would have been a sexual non-starter or a man unable to make up his mind. Here he plays a man of integrity. He is upset that his wife (Mary Steenburgen) remains a virgin, has an inexplicable aversion to sex; but, when the opportunity to wander presents itself in the shape of Ariel Weymouth (Mia Farrow), the professor's fiancée, he gallantly resists. As of old, he finds himself cast as the innocent, pleading the cause of the uncouth Dr Roberts, ferrying Ariel to an ill-fated rendezvous in his foot-propelled helicopter.

We have, in a sense, grown up with Woody Allen. Watched him evolve from the punk, who stamped on his own spectacles as a sign of deference to the world's bullies, into the world-famous film-maker of *Stardust Memories*. Seen his girlfriends change, but remain at heart the same: from Janet Margolin to Mia Farrow, they have all been idealised and revered but at the same time allowed their independence and their winning quirkiness. Here one cannot help but like Andrew's wife for her dogged determination to overcome her phobia, to grit her teeth and wrestle poor Andrew on to every available tabletop.

A Midsummer Night's Sex Comedy is not, perhaps, vintage Woody Allen. The director has for one thing never been entirely at home with period pieces. It is not, one feels a film made with the same urgency as *Annie Hall* or *Manhattan*. A tone of unbuttoned good humour prevails spiced with some rank absurdities (a wierd supernatural "spirit box" is arbitrarily introduced) thrown in to indicate that we are not intended to take any of this too seriously. Devotees will not be disappointed.

"In place of the sharp Manhattan repartee and the buffoonery of earlier films, Allen, ever the innovator, offers us whimsicality."

*

Lenny Bruce, as the title credits have it, or *The Lenny Bruce Performance Film*, as the distributors prefer, is an attempt, late in the day, to capture the Best of Lenny Bruce. By the time this unadorned film was shot, the satirist was bankrupt and worn down with a long legal battle over the "obscenity" of one of his acts. There is more than a touch of desperation to this his last but one live performance: much of *this quicksilver dialogue with* himself in many guises is lost, and from time to time he turns aside from the single spot, the light apparently hurting his eyes.

Nevertheless, this is a valid and at times affecting record. Bruce is at his best lampooning the law (he imitates the luckless policeman who was required to imitate for the court's benefit Lenny Bruce in full obscene flight . . .), and occasionally there are flashes of *the old corruscating, illuminating* manic inventiveness. But on the whole, however, looking back 18 years, one is bound to say that there is something commonplace about his once liberating scatology. Now everyone swears in the movies. Had it not been for Lenny Bruce, Woody Allen might still have been afraid to ask so publicly about sex. Allen's films, however, unflinching as they are towards all aspects of the subject, contain not a single four-letter word: nothing is lost by this small old-fashioned gesture towards propriety.

*

A Midsummer Night's Sex Comedy takes pains to play down the once famous Jewishness of its maker. *Norman Loves Rose*, an Australian comedy which tries to send itself up, proudly displays every cinematic cliché of "Jewish" middle-class family life. The plot, which is handled with tasteful circumspection, revolves round a bedroom-eyed barmitzvah boy who becomes the lover of his wan sister-in-law (Carole Kane) after it is revealed, to the wailing distress of their mother, that his brother has a low sperm count.

We are intended presumably, to consider the ensuing shenanigans as a some sort of latter-day *Carry One* caper. To laugh *knowingly at* the director Henri Safran's skill in parodying the sentimental vulgarity of this cinematic world. A similar exercise was carried off with greater finesse in the movie adaptation of Philip Roth's *Goodbye, Columbus*. Here, however, the parody is overextended and soft-centred.

*

Beggars of Life (1928) is a sentimental but boldly outlined tale of an orphan (Louise Brooks) who murders her lascivious *guardian* and is taken up, at first reluctantly, by a hobo (Richard Arlen); they go on the road, jump trains, the world turns against them; as the cops close in, they are saved by the unexpected self-sacrifice of a roistering vagabond (Wallace Beery) who has earlier declared in a title, "I heard about, but I never seen it before—it must be love."

Louise Brooks has yet to make her reputation in Germany, and this vehicle, directed by William Wellman, the maker of *Wings*, does not allow her much scope. Her look is distantly haunting, but the picture is chiefly Wallace Beery's. The film is notable, however, for the realism and excitement of the train sequences and for an inspired moment at the start when the girl shoots her attacker and he staggers slowly backwards, sits himself down and expires at the breakfast table just as if he were about to begin the meal.

The Electric has billed this silent picture—the imperfection of the print being compensated, one hopes, by a live piano accompaniment—with another rare Louise Brooks' film, *It's the Old Army Game*, directed in 1926 by her then husband Edward Sutherland. *Pandora's Box* (1929), Pabst's adaptation of Wedekind's Lulu, in which Brooks found herself perfectly *cast, plays* at the Barbican for the rest of the month.

Marie McLoughlin and [illegible] Rawnsley

Alastair Muir

Festival Berlioz/Lyon

David Murray

Now in its fourth season, the *Festival Berlioz* is held not only in Lyon but in La Côte Saint André, the nearby village where the composer was born. That provides a geographical excuse for the festival; more germane is the fact that the *Orchestre de Lyon's* excellent conductor Serge Baudo is an ardent Berliozian. It is said that he once asked his old mentor Charles Munch whether Berlioz would ever be accorded the dignity of a festival honouring him, and that Munch replied, "Yes—but not in France!" It is Baudo's achievement that such a national disgrace has been avoided; the Festival Berlioz is proudly established now, after more than a century of French mistrust of their great original musician.

The rescue is a considerable tactical feat, for the music Berlioz managed to complete—in the teeth of hostile circumstances—is really too little to fuel an annual festival. All his concert music can be performed in a few evenings, with three more needed for the operas (*Benvenuto Cellini, Les Troyens and Béatrice et Bénédict*); there is no solo music, no chamber music and only a handful of songs. The stageable works include not only the operas but *Roméo et Juliette* and *La Damnation de Faust*; Baudo has rationed the Festival to one per year, with the *Damnation* due to close the cycle next year—and to licence enriching the programme with other *Faust* exercises by Gounod and Schumann. Future themes to be developed are "Berlioz and Shakespeare" (1984), "Berlioz and religious music" (1985) and "Berlioz and Virgil" (1986). Beyond those one imagines "Operas Berlioz particularly admired," "Operas Berlioz particularly detested" and "Music with orchestral effects blatantly lifted from Berlioz."

A serious Berlioz festival must have a dramatic centre, and unfortunately the one thing that Lyon lacks is a central stage of a sufficient scale. This year's opera, *Benvenuto Cellini*, might have gone very well in the town's charming little opera house; but that was judged to be an uneconomical prospect, and *Cellini* was sent off to flounder in the vast Palais des Sports. It very nearly sank, what with its buoyant action set at a telescopic distance and its inspired orchestral detail lost in the cavernous acoustic.

As far as one could tell, Baudo and his orchestra gave a sensitive account of the score, without spurious inflation — for *Cellini* is an incisive *opéra comique*, not grand opéra at all. (It was offered virtually complete, with sung recitative replacing the original *spoken* dialogue and thus extending the evening to an unconscionable length — more than the action could sustain.) Alfred Wopmann's production made singularly unimaginative use of the giant stage, though there were amusing costumes for the Roman Carnival (an underdirected rout) and a fine, glowing Perseus-statue for Cellini's triumph.

Tibère Raffalli made a strong-voiced hero, creditably lyrical in his meditative aria. Jill Gomez's Teresa began fetchingly, though her pitch became more and more erratic; Cynthia Buchan put great energy into her *travesti* Ascanio. The lively Fieramosca was François Le Roux, and Jules Bastin was again an admirable Balducci (though even his sterling diction was defeated by the hall). The Pope was given a camp entourage, to no purpose whatever—Berlioz's papal fantasy has far closer kinship with Frederick Rolfe than with Firbank—and Bjorn Asker's bass register was quite inadequate for the role.

The Lyonnais audience seemed loyally appreciative, unaware of how much they were missing, and they enjoyed the grotesque mime-troupe that Wopmann had foisted on to the proceedings. Luckily, Berlioz fared far better elsewhere in the Festival; of that, a further report next week.

Rigoletto/Coliseum

Max Loppert

In the famous *Rigoletto* production for Kent Opera, Jonathan Miller advanced the action from 16th century Mantua to Victorian England. Now, in his new English National Opera staging, Dr Miller moves it still *further forward*, to the "court" of a Mafia *capo* in New York's Little Italy, time the early 1950s.

So much was known of the second Miller *Rigoletto* long before the opening on Wednesday; and forebodings were not unnaturally aroused. The first thing to be said, therefore, that no more than the Kent Opera version can this be accounted a Producer's Fancy wreaked indiscriminately on the opera: on the contrary, I found the performance serious of purpose, involving in effect, and gripping theatre from start to finish. Some doubts, even hackles, are raised along the way, but the dominant *impression* of a production centrally responsive and responsible to Verdi subsumes many of them.

A little preliminary scene-setting is in order. Rigoletto is the hunchback bartender and wisecracker at the hotel where the "Duke," a kiss-curled baby-face with a Sinatra-style ratpack in train, is in state. Gilda, cloistered in a back-street Lower Manhattan tenement, is kept hidden from sight the way any girl connected with that demi-world might be. Sparafucile, proprietor of a waterside bar out of town, is an independent small-time hoodlum.

The opera and its new settings reciprocate many starkly poetic resonances, particularly in the opening scene, where the line[illegible] of licensed power and of [illegible] practice are drawn taut with [illegible] dazzling imaginative [illegible] This is the production's m[illegible] notable *coup de théâtre*: [illegible] enactment is stiletto-sh[illegible] (with brilliant cameos by T[illegible] Jenkins and Malcolm River[illegible] the head of the ratpack [illegible] whirl of surface gaiety [illegible] underlying dramatic te[illegible] that corresponds acutely [illegible] opera's inner workings. [illegible] designs of Patrick Rob[illegible] and Rosemary Vercoe a[illegible] cool modern American [illegible] immaculate [illegible] detail and assortment of [illegible] that the same time (an[illegible] th a [illegible] sing doubt about [illegible] position of Sparafucile's [illegible] possess lucidly organi[illegible] theatre properties.

But why, [illegible] ask, was all this necessary [illegible] the fireplace? Obviously, [illegible] Miller feels strongly th[illegible] the [illegible] oretive [illegible] (set) upon Mantua [illegible] after the [illegible] Venetian censors had forba[illegible] French court of the Hu[illegible] play on which the opera is [illegible] chi[illegible] ill with the inter[illegible] reali[illegible] " of the social int[illegible] and the intense viridness [illegible] emotional relationships [illegible] cutting across it. (Radio [illegible] listener may remember the [illegible] producer talking, some while [illegible] about the "dissonance [illegible] he sensed between the or[illegible] both music and the [illegible] 16th century setting [illegible] though one may here encou[illegible] a dissonance no less striki[illegible] between the bondn end [illegible] visibly that of Sinatra, a w[illegible] Rose[illegible] Clooney, and the big ban[illegible]

T[illegible] beyond this, is tha[illegible] pursuit of a closer sy[illegible] between the m[illegible] dramatic character of th[illegible] and its decors will a[illegible] in the spectator a taste [illegible] absolute consistency. The production, after its rivet[illegible] proves increasingly [illegible] It is never made [illegible] ably clear, for instance, the "Duke" wants or [illegible] to go adventuring in [illegible] as a student or, [illegible] mystifyingly in the last [illegible] a GI. The position of [illegible] and Pieve's irresponsibly dashing aristocrat libertine [illegible] made less, not more, precise [illegible] the unfolding—this is no [illegible] of Arthur Davies' plausibly vigorous (if vocally not very elegant) playing of the role. With the new logic, argued in earnest, goes a distinct sacrifice of the old.

What survives this, and, indeed, emerges with a freshly passionate urgency, is the network of relationships — Dr Miller's special gift to the opera house if economically setting up duet - encounters, dialogues focussed without fuss or self-advertisement on their most intimate exchanges of thought and feeling, has never seemed more precious. (Can he *really* be set on abandoning his *métier*?) He has a wonderful cast to work with. In the dark, shyly impassioned form of Marie McLaughlin, a *West Side Story* waif with a voice of full-bodied lyrical beauty and firmness, Gilda has never been *more* touching.

John Rawnsley's hunchback, though all its components have still to be locked together with absolute smoothness (in those murderously high-lying *cantabile* phrases he was inclined to sing sharp), has the huge, house-filling personality and baritone without which the production could easily decline into sham. John Tomlinson's Sparafucile is magnificent; the whole cast is without real weakness.

Mark Elder, conducting, supplies a base of authentically Verdian musical values—care for colourful accent, a feeling for tempos in which melodies can breathe (though "Questa o quella" could be made more lingeringly charming) an ability to combine dramatic momentum and lyricism—that renders the production, niggles and all, such a poetic and moving experience. *Its only area of obvious imperfection* comes, I would say, in the new translation of James Fenton. This adapts, reasonably enough, to Dr Miller's time and place; but in terms of stress, sense, and "tone," it is frequently clumsy, inaccurate, and roughly finished. Even this is insufficient to mar the totality.

Woza Albert!/Riverside

B. A. Young

Woza means "arise," and Albert Street in Johannesburg is where Africans have to go to collect the passbooks they must have for their authority to live and work in the city. Only at the end of the short, happy evening, 75 minutes without an interval, do the two ideas come together.

The main theme of the play, which was put together, in the manner of Mike Leigh's work that we have been watching on the television, by Barney Simon (the director) and Percy Mtwa and Mbongeni Ngema (the actors), is the reaction to Christ's second coming, if he came to South Africa. The boy in the butcher's shop would ask him for more customers. The old men rooting in the trash bins for something to eat would want more food for the whites so that they would throw more away. So it goes on; none of the simple black people of Johannesburg can imagine anything beyond their own experience. When rumour says that Morena (which means "the Lord") has actually come, in a jumbo jet from Jerusalem, all they see is another dignified white man being escorted from the plane by authority.

But when Morena really arrives, and the Africans ask him for a better deal with their passbooks in Albert Street, he tells them: "Throw away your pass books, and follow me to Soweto." Naturally, this leads to a riot; naturally the police and the soldiers come, and Morena is imprisoned in John Vorster Street prison, on the sixth floor. You can't hold Morena like that, though; he and another figure (identified as the Archangel Gabriel) fly away to freedom.

A South African helicopter shoots them down and he is moved to Robben Island. No good: at once, he walks (on the water, of course) back towards the mainland. This time he is torpedoed. But torpedoing the Lord is a dangerous ploy, and he goes up with an atomic explosion that destroys Cape town and precipitates the day of Resurrection.

All the characters, except the invisible Morena, are played by Percy Mtwa and Mbongeni Ngema, with the characteristic African ability to imitate people and types that we first saw here in *Sizwe Bansi is Dead*. A white false nose means a white face. It is all done, even when it deals with the extremes of cruelty and injustice, with great good humour. The talk is stylised in the clichés of their society, but is also inflected with an infectious rhythm that the two players first demonstrate in an overture, where they represent both the playing of a band and the dancing movements.

I have always said that the most effective way to attack suffering and injustice is to laugh at it, and here is a splendid example.

New 'Shrew' at Stratford

A new production of The Taming of the Shrew (previews from October 7) opens at the Royal Shakespeare Theatre, Stratford, next month. Barry Kyle directs. Alun Armstrong plays Petruchio and Sineed Cusack is Katherine.

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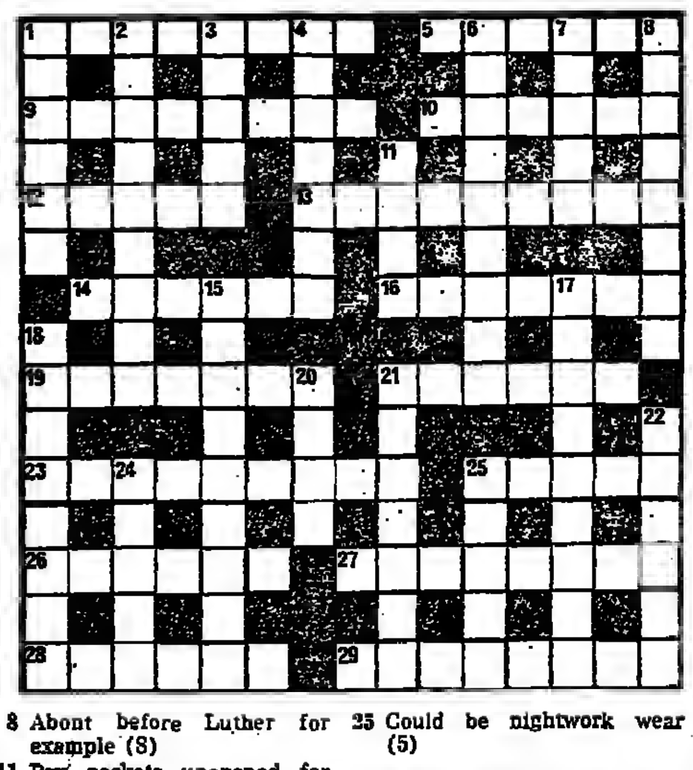


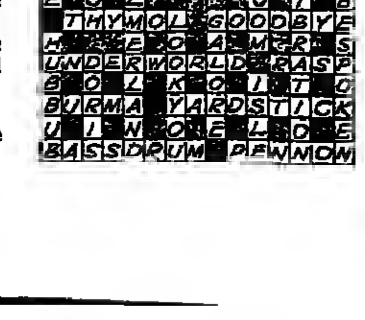
ACROSS

1 Soldier follows girl end to the dance (8)
5 Sydney, say, about return for a drink (6)
9 Radio not welcome in company (8)
10 Note to believe eases the tension (6)
12 Walk stiffly on road with sign of wear (5)
13 Tourist having [illegible]se to look for ruins first (9)
14 Small seal or [illegible] sound (6)
16 Very small [illegible]ity can be a difficulty (7)
19 Rare trindle [illegible]mber (7)
21 Edinburgh [illegible]ersity graduate's talisman (6)
23 Change of [illegible] —cannot produce a flow (9)
25 There is [illegible] rapture on the lonely [illegible] (Byron) (5)
26 Wrongly [illegible]lied on Oriental is clear (6)
27 Get lo[illegible] this application (8)
28 Encourag[illegible] American boy to become [illegible]mly established (6)
29 With the[illegible] there's no need to stir yourself (8)

DOWN

1 This m[illegible] be softer wood (6)
2 Agree to one comes back for this music maker (9)
3 Decide victory partly due to no-out? (5)
4 The secret's out of an iron bar? (7)
6 Potential voter sure to make proposals (9)
7 Went out initially through ruining in the event (5)
8 About before Luther for example (8)
11 Pay packets unopened for some time (4)
15 Jack hurried back—I've got a story (9)
17 In favour of Western advocate (9)
18 Punctilious type may adhere to the French recipe (8)
20 National Serviceman perhaps captures one layman (4)
21 End of term conclusion appears to be making good (7)
22 Dog of help to a thief (6)
24 City has nothing for one very much in love (5)
25 Could be nightwork wear (5)

Solution to Puzzle No. 4,980



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Friday September 24 1982

The pitfalls of over-funding

CRITICS OF the Bank of England's recent funding policies will have derived wry amusement from the timing of the Old Lady's latest publication this week. In a paper out this week, Professor Andrew Bain, of the Bank's panel of academic consultants, provides a cogent analysis of the forces that have led to over-funding—the practice whereby the authorities sell more stock to the non-bank private sector than the government actually needs to satisfy its own borrowing requirement.

Over-funding, as paper rightly points out, is a response to a structural imbalance between the pattern of assets and liabilities within the system. Put more simply, so much of the personal sector's savings are diverted by the tax system into long-term institutions that there is a shortage of short and medium term finance for the corporate sector.

In consequence the authorities have been borrowing long term in the gilts market largely in order to keep the statistical behaviour of the monetary aggregate respectable, while lending short by buying commercial bills for the Bank's Issue Department. The irony of timing lies in the fact that BOC Group, with its £100m loan stock issue, has provided the first hint that a structural gap created partly by high rates of inflation is beginning to narrow.

Diversion

That is not to say that Professor Bain's analysis is any the less relevant. The very welcome diversion of corporate credit demand away from the banks into a revived long term debenture market is not going to turn into an avalanche of new issues. For while the authorities have recently paved the way for an increase in the number of new debentures by chasing down short term rates and reducing the pressure of funding at the long end of the market, many companies will be excluded from the game by weak balance sheets.

That is one good reason why overfunding cannot be allowed to go on indefinitely. Inflation and monetary policy in Britain have combined to weaken the liabilities side of the corporate balance sheet. Equity issues have been less easy to float because of low profitability and the maturity of debt has shortened.

In the profit and loss account companies have been forced to accomodate huge swings in interest cost because floating rate credit has replaced fixed rate loan capital. The authorities' ability to control the monetary aggregates in a floating rate system has been won at the price of excessive volatility.

Over-funding has undoubtedly helped overcome the short-term problems of intermediation that arise in a financial system where the needs of monetary control and the preferences of savings institutions have been paramount. But it has done nothing to help restructure the corporate sector's balance sheet, since the refinancing is short term: nor does it do anything to improve the quality of bank assets. And the tax payer has been saddled with the burden of high real rates of interest on government debt at a time of falling inflation.

Burden

To argue, as Professor Bain does, that the authorities will need to develop techniques of refinancing medium term bank credits and providing medium term loans to avoid draining liquidity from the banking system is, in one sense, the counsel of despair. For industry the result of such recycling could only be beneficial on the assumption of continuing inflation; yet part of its present problem lies precisely in the fact that the interest burden is increasing in real terms as inflation comes down.

The real answer, as Professor Bain accepts elsewhere in his paper, must lie in further reform of the tax structure, particularly as it affects corporate liabilities. At present virtually the only form of capital that does not enjoy some form of fiscal privilege is equity. On corporate borrowing the system still discriminates effectively against innovative debt financing.

The government has created for itself all manner of fiscal advantages when it comes to raising funds. It has thus also created the unhealthy imbalance which Professor Bain examines. However, it is arguable that the trouble is due to an excessive preference by savers for long term investments seems questionable: long term savings should be invested long term. It is due much more to the fact the government has legislated itself a near monopoly in long term borrowing, and it is this anomaly that ought to be removed.

Fiscal impasse in Japan

JAPAN APPEARS an ideal candidate for economic reflation. Export-led growth has deserted it, with the result that growth of only 2-3 per cent is now predicted for the year ending in March 1983 where the Government had been hoping for more than 5 per cent. The current account surplus, though affected by the export slump, will still be $5-6bn in the same fiscal year. Inflation ran at 3.1 per cent on the consumer price index in the year to March. Unemployment at 2.4 per cent of the workforce might appear non-existent by European standards but is considered high in Japan.

The Government is divided on the question. The Economic Planning Agency and the Ministry of International Trade and Industry are both advocating a substantially boosted public works programme to provide economic stimulus.

The Finance Minister and Mr Suzuki, the Prime Minister, on the other hand, emphasise the need for financial austerity in the public sector. They are supported by the Keidanren, an organisation representing Japan's major companies.

Emergency

Behind Mr Suzuki's stance lies what he has described as a "financial state of emergency" in Japan. In truth it is partly a state of emergency of his own making. When Mr Suzuki became Prime Minister in 1980 he undertook to reduce the Government's Budget deficit to zero by 1984 and with it the need to issue any bonds to finance that deficit. He now knows that this pledge will prove extremely difficult to honour.

Japanese national accounting distinguishes between the financing of the Government's current spending and the financing of its capital spending. The capital spending of public enterprises is financed through a separate "fiscal investment and loan programme" which draws the bulk of its funds directly from the postal savings system. The capital spending of central government is financed by the issue of "construction bonds." The current deficit of government is not theoretically supposed to exist. It has been financed since 1975 by the issue of "deficit bonds." Legally these bonds cannot be refinanced with other bond issues. So when the early issues of deficit bonds start to mature in 1985, they should, in theory constitute a further drain on Japan's already inadequate tax revenues.

Sensitive

These revenues depend heavily on corporation tax and to a lesser extent on a sharply progressive income tax. Sales taxes amount to only 5 per cent of private consumption compared with an average of around one fifth in Europe. The result is that revenues are peculiarly growth sensitive: a 1 per cent GNP change produces a 1.6 per cent change in tax revenues, according to one bank economist.

The slowing of growth, coupled with the increasing demands of a maturing economy and a deteriorating age structure, are inexorably taking the Government towards an impasse over public financing. The most recent setback to growth has forced the Government to issue an extra Y3,000bn of deficit bonds in the current year. The Government will therefore issue a total of some Y14,500bn in bonds in this fiscal year of which only Y6,900bn will be construction bonds.

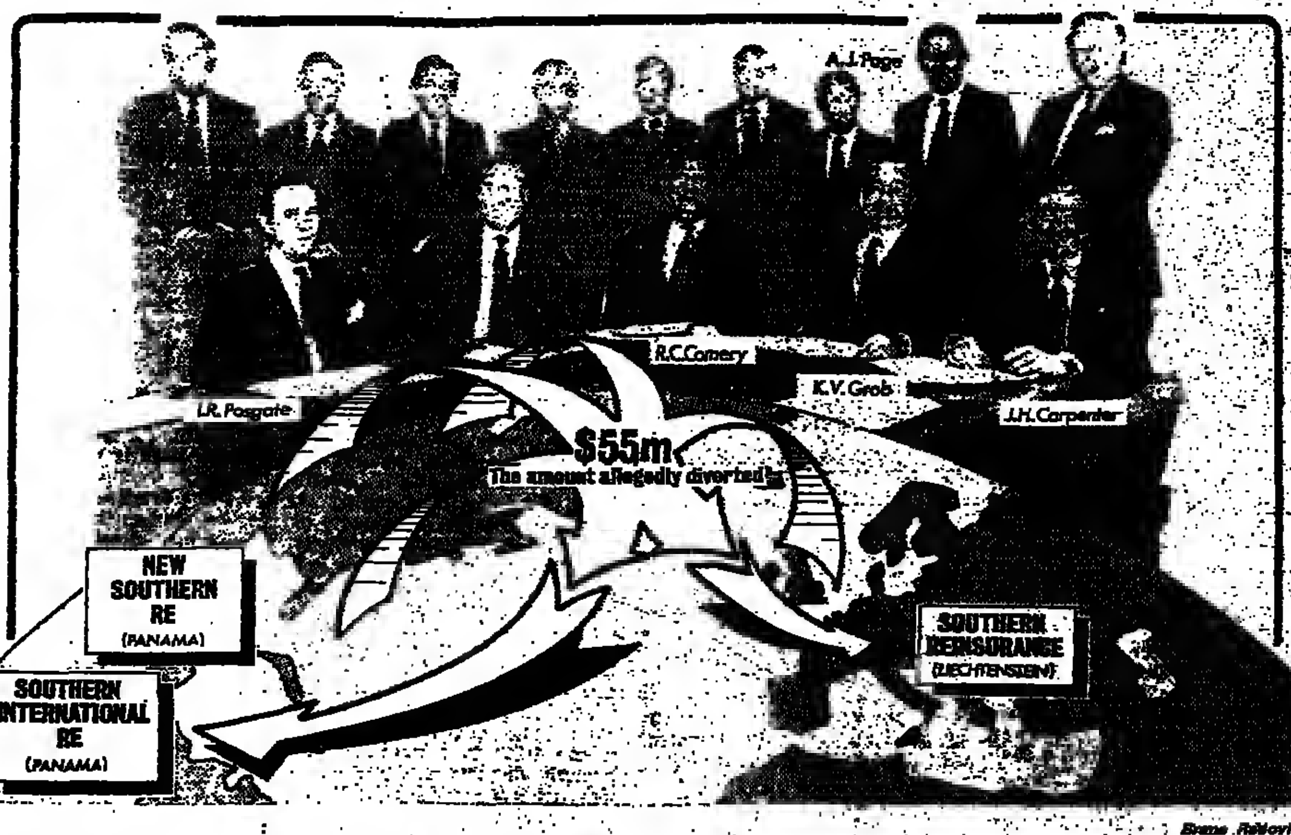
It would be hypocrisy for Western countries to urge fiscal indiscipline on Japan because of a recession which partly reflects their own efforts to embrace financial rigour. But equally, it is important that Japan's internal growth is not stunted by shortcomings in its system of public finance—important not only for global economic activity but also as an antidote to protectionist sentiment.

The imbalance between the Japanese Government's current revenue and expenditure needs to be tackled through a long term tax reform aimed at securing a more dependable flow of income for the state. It is a thorny issue—an attempt to instal VAT nearly cost a previous government an election—but it should not inhibit the Government from seeing the merits of additional capital spending on infrastructure, financed through construction bond issues, as an immediate additional impulse to the economy.

LLOYD'S OF LONDON

The shadow of Howden

By John Moore, City Correspondent



"I AM absolutely utterly amazed and dumbfounded that these allegations have been made," remarked Mr David Coleridge, head of a leading underwriting agency group within the City of London's most famous commercial club, Lloyd's, the insurance market.

His reaction is typical of the many working Lloyd's professionals who are watching with alarm the mounting controversy at Alexander Howden Group — already the biggest crisis that Lloyd's has faced in modern times.

This week the institution was shocked to its very foundations when Mr Ian Posgate, the flamboyant 50-year-old star underwriter of Alexander Howden Group and a leading figure in the Lloyd's market, was sacked by Howden's American owner, Alexander & Alexander Services, as the U.S. group made public a series of dramatic allegations.

Unlike any of the other recent troubles at Lloyd's over the last few years, the Howden affair involves some of the largest groups and units within Lloyd's. Around one in five of the 21,000 members, the individuals who pledge their wealth to allow Lloyd's to function, are affected by the suspension of Mr Posgate from underwriting and his dismissal from Howden.

Mr Posgate, who was earning around £323,000 a year in Lloyd's, observed this Wednesday, two days after his dismissal: "This is the dirtiest fight I have ever been in." He is determined to prove his innocence.

The events leading up to this week's disclosures can be traced back to March. Then, Alexander and Alexander Services, the world's second largest insurance broker, completed a £150m takeover of Alexander Howden Group, a leading British insurance broker whose extensive Lloyd's of London interests include the management of the largest Lloyd's underwriting syndicates.

Alexander & Alexander found that four former executives of Alexander Howden Group had covertly controlled overseas companies with which Howden, acting as a broker, had placed large lines of insurance business. It named the four as Mr Kenneth Grob, the former chairman, Mr Allan Page, Mr Ronald Comery and Mr Jack Carpenter. The U.S. group attempted to recover assets from the directors but failed to do so to its satisfaction as some of the assets due to be transferred under an agreement were not received and those obtained were of less value than had been anticipated.

Early in September, the U.S. group had to report that there was a shortfall in assets of up to $25m.

Alexander & Alexander's allegations were contained in a document filed with the Securities and Exchange Commission under U.S. law. They are as follows. Through a series of Liechtenstein trusts and Panamanian corporations, Mr Grob, Mr Comery, Mr Carpenter and Mr Page controlled a firm called Southern International Re Company S.A. in Panama which, according to the SEC filing, was not licensed to engage in the reinsurance business, that is to say as an insurer of another insurance group.

The Americans also alleged that the four owned Southern Reinsurance AG, a Liechtenstein company engaged in the insurance business. The four, along with Mr Posgate—it is alleged—also owned interests in New Southern Re Company S.A., another Panamanian company.

According to the document, funds totalling about $55m from as early as 1975 were channelled from Howden insurance companies and its managed underwriting syndicates at Lloyd's, where Mr Posgate was the underwriter, to Southern Reinsurance in Liechtenstein, and Southern International in Panama. The funds included payments "purporting to be insurance and reinsurance premiums."

Southern International in Panama is alleged to have paid about $7m to New Southern Re. "The monies taken in by these entities," say the Americans, "were used in part for the personal benefit of the four individuals and Mr Posgate. The benefits included works of art received by Mr Posgate."

Lloyd's took action and suspended Mr Posgate from all underwriting within the market as the allegations became public while Mr Bogardus and Alexander & Alexander dismissed him from the group.

"I am totally innocent. I have been stabbed in the back," said Mr Posgate after the surprise rush of events and he intends to defend the legal action in the UK with his own legal counter moves.

The controversy involves one of the top five producers of insurance business for the Lloyd's market, Alexander & Alexander. And syndicates within Howden — the largest in Lloyd's — which have a total underwriting capacity of around £117m have stopped accepting insurance business temporarily until the Howden management sorts out the problems in the wake of Mr Posgate's departure.

Ian Posgate has always been treated by the Lloyd's establishment as an outsider. He was once told "Ian, you are not a Lloyd's man" by an underwriter but even his detractors admit that he has been a brilliant marine underwriter, consistently producing some of the best returns for the 3,800 members of Lloyd's for whom he acts. His methods are rough, tough and abrasive.

In Lloyd's, which has a market share of around 20 per cent of the world's shipping insurance business, Mr Posgate has in the past infuriated the conservative members of the market, by consistently undercutting insurance premium rates which have been established through market agreements.

Not only has he annoyed the establishment by regularly busting the cartel system in the marine market but he has brought down its wrath through overtrading. Each Lloyd's syndicate—the units into which all Lloyd's members are grouped—is supposed to accept business in relation to the amount of funds which are backing the syndicate's operation.

Mr Posgate has gone beyond those limits too often for the liking of the Lloyd's authorities.

In the late 1960s when he was an independent underwriter, he fell foul of the Lloyd's establishment—the ruling committee—which were tired of the way he seemed to be cocking a professional snook at Lloyd's procedures and insisted that he found someone to manage his business.

He turned to Alexander Howden Group which took over his business and allowed him to underwrite for its Lloyd's interests. Howden's fortunes improved enormously. Howden was a group which had been largely built up by Mr Kenneth Grob, 61.

Together Howden and Mr Posgate's syndicates thrived. Howden developed extensive reinsurance activities, offering schemes to insure other insurers. It owned its own insurance companies in Bermuda, the U.S., Canada, and the UK.

Mr Posgate's underwriting philosophy was simple. He supported Lloyd's move towards more and more reinsurance activity—insuring other insurers now accounts for around two thirds of Lloyd's £2.8bn of business. He regarded it as nothing more than a banking operation. He wanted to, and did, compete aggressively with the large insurance companies and other Lloyd's underwriters, directly for huge insurance risks in turn he laid off as much of his own insurance risks which he was accepting as he could with the reinsurance market outside Lloyd's.

Howden provided a useful reinsurance umbrella. Howden reinsured a large part of Posgate's business with its own insurance companies, earning enormous revenues for its own account.

The availability of in-house reinsurance protection allowed Mr Posgate to compete aggressively for business, while the availability of Mr Posgate's lines of reinsurance business allowed Howden to report ever increasing revenues. Between 1969 and 1977 Howden showed an average annual compound rate of growth in pre-tax profits of 40 per cent per annum. At the time of the takeover by Alexander and Alexander Howden group pre-tax profits totalled £30m.

However, as Mr Posgate became more successful in Lloyd's, so his limited popularity declined. He annoyed Lloyd's and Howden last year when he appeared before Parliament arguing that Parliament should insist that brokers should sell off their shareholdings—links with underwriting syndicates at Lloyd's because of conflicts of interests. Parliament agreed with Mr Posgate. And he annoyed the establishment again when he was elected to a seat on the Lloyd's committee.

For much of the time he has been on the Lloyd's committee, he has had to absent himself from the committee room after the opening formal observances. This is because Howden has loomed large on the agenda.

The latest Howden affair has come at a bad time for Lloyd's. It has just gained its new Lloyd's Act of Parliament for improving self-regulation in the market, its first major reform in over 100 years. Sir Peter Green, Lloyd's chairman, and the rest of the committee, will not see the new legislative powers working until later this year once a new Lloyd's council is formed.

Even then, Lloyd's has been concerned that the market should not become over-regulated. "Lloyd's is about making lots and lots of money and nobody wants to interfere with that," remarked one senior committee member some time ago during the passage of the Lloyd's legislation.

Lloyd's envisaged the creation of a rule book which would act as a deterrent—requiring little day-to-day implementation. The Howden affair has changed all that. As one leading broker said this week: "For years outsiders have been criticising us and we have resented it. Something like the Howden affair shows that they were right. We will have to do something."

HOW REINSURANCE WORKS

An insurer seeking to cover (or lay off) a possible claim tries to spread the risk. He approaches reinsurers. They negotiate a possible contract. Usually an insurer agrees to shoulder part of the risk up to a certain level of claims. The reinsurer—or reinsurers—agree to take slices of the rest of the risk which the insurer does not wish to retain. Reinsurers in turn insure themselves with other reinsurers and the risk is spread throughout the world in a complex and colossal daisy chain.

Reinsurers make their money through premiums paid across to them by the insurer. In many cases in broking companies, the insurers and the reinsurers are part of the same group. If brokers trade with their own companies they can earn commission many times over by threading the business through several different wholly-owned insurance subsidiaries. In this way they can strip commission out of the premium. The problems only begin if the insurance claims are large.

It has become a $40bn plus industry in terms of annual premiums, attracting a wide range of operators, from the highly respectable reinsurance companies, which are soundly based, to the many sharks who have been drawn to the $40bn money bait.

There is little regulation of the world's reinsurance industry: regulatory authorities take the view that it is important not to regulate the market too closely otherwise available reinsurance for insurance groups might dry up and in a high risk business it is also essential for reinsurance to be arranged swiftly. The authorities adopt the view that since it is a market where professionals trade with professionals, there is no "man in the street" involvement which would call for a protective attitude.

In the wake of the Howden affair, reinsurers are worried that regulators around the world will now take a much more serious interest.

Men & Matters

Grounded

If John Dent, the new chairman of the Civil Aviation Authority, is planning to take an autumn break you may be sure he will not be thinking of a quiet weekend in the Shetland Isles.

"All the signs are that the CAA made a monumental miscalculation in developing Sumburgh airfield in the islands," Pilot, the aviation magazine, says in a bitter editorial called The Sumburgh Scandal which will appear in its October issue.

From the CAA's point of view the trouble is that Shetland is just a little too quiet—particularly round Sumburgh airport which was greatly expanded only four years ago at a cost of £18m.

Sumburgh looked like being an important staging post for the airlines and charter operators flocking to service the oil rigs in the East Shetland offshore basin. It once handled 600,000 passengers a day and earned the CAA accolade of "one of Europe's fastest-growing airports."

But, waiting in the wings (or, to be strictly accurate, waiting without wings) was the new generation of longer-range helicopters like the Chinook and the Super Puma which can fly directly from mainland Scotland to the North Sea rigs without needing to put down in the Shetlands.

During the past year only 190,000 oil industry passengers have used the splendid new Sumburgh terminal building, and numbers are still falling.

The CAA blames the government saying that it was Whitehall's idea to develop Sumburgh in the first place in spite of the expectation that passenger traffic would decline. The government has written off the £13m cost of the newly used new terminal and has told the CAA to reduce the airport operating costs, and hold down the passenger levy lest even more business is driven away.

Staff cuts at Sumburgh are resented by the community and have now prompted the local authority to suggest that British Airways should take over and manage the operation.

Could Sumburgh be the preferred solution to the knotty problem of where to put London's third airport?

Barclays' card

Quite a few senior executives at the clearing banks and the building societies will be relieved to hear that Brian Pearse is tidying his desk top at Barclays' headquarters at Lombard Street and is all set to head off to North America to run the bank's loss making operations there.

Nothing personal, of course—it is just that life will be a little easier now that he has gone. Pearse was the man primarily responsible for Barclays' aggressive move into the home mortgage market, which distressed the building societies and for the return to Saturday opening by some Barclays branches, which upset rival bankers who wanted a peaceful life with the unions.

Pearse, 49 years old, expects to spend the next three or four years putting Barclays North American operations to rights. But he emphasises that the £22.5m loss on the transatlantic side in the first half of last year was "a temporary aberration," and that he is not being sent out as a fireman to save the day.

In fact, says Pearse, his new job was first mooted in March, well before Barclays' U.S. problems came to the surface.

Maybe so, but Pearse's considerable superiority over Richard Carden, the man he replaces, underlines the bank's awareness of the need to prove itself in the U.S.

Its [illegible] to accept publicity and to take the lead in the often acrimonious verbal battle with the building societies marks him out as one of the new breed of clearing bankers.

Five years ago, it would have been unthinkable to find someone like him near the top of a British clearing bank. Come to think of it, perhaps that is why he is being dispatched to the Colonies.

"You're at the wrong counter if you want to make a bid, ducks"

Last laugh

I cannot speak for all Fleet Street. But, this column has never been so inundated with wit and humour from the far left of the Labour Party that it can afford to ignore morsels when they appear.

It is a treat to get a funny pamphlet written by the campaigner-MP Norman Atkinson. It is called Fleet Street declares War on the Labour Party and costs bibliophiles 30p a copy (Tribune Publications).

Described as a "humorous-cum-serious" it says that "Socialists have been incensed by the recent behaviour of Fleet Street. Devoid of ethics, its treatment of the left and certain of its leaders has been licentious and debasing."

Even your own "Pink-un" does not escape lampooning when Atkinson gets into his stride.

He explains an alleged crusade against Anthony Wedgwood Benn thus, "The Lonrho Yeomen and the Observer Corps tried desperately hard to camouflage their true intentions but cocked it up, whilst the Guardian joined forces with the FT in dressing their battalions in the latest Bennite clothing so as to deceive the enemy into believing they were friends."

Treasury 'prog'

Sir Geoffrey Howe, Chancellor of the Exchequer, appeared to be getting a severe lecture on international economics from Barbara Cartland at the Dorchester, London, yesterday before he spoke to an audience celebrating disc jockey Jimmy Young's new autobiography.

Evidently he passed his examination because she introduced him as, "the man we all want to congratulate for bringing inflation down."

Sir Geoffrey was also the first Crown Minister ever to appear on Jim's "prog." He describes Young as an anchorman for democracy, and admits to a secret ambition to be a disc jockey himself.

By way of an anecdote too risque for me to repeat Young summed up inflation as "there's far more of you, but you're worth less." Lady Howe, formerly of the Equal Opportunities Commission raised not an eyebrow—nor did that first lady of the romantic novel Barbara Cartland.

Observer

YOU CAN MAKE THE TAXMAN WRITE A CHEQUE

Voluntary work is increasingly encouraged in Britain. And the taxman is empowered to pass tax you have paid, and will pay, to a charitable project of *your* choice.
There are several ways to put your tax to work which you select.

* A simple annual covenant for four years adds 43 pence to every £1 you donate.
* Larger single gifts can be converted into "deposited covenants" (e.g. £100 this becomes £143).
* Shares on which there is a potential Capital Gains Tax escape all duty if donated to charity.
* Higher rate tax payers can themselves reclaim tax above the standard rate against charity donations.

To help elderly people is probably the best of all ways to use the tax concessions new available. Left behind by inflation, often desperately lonely and frail (and suffering dire hunger overseas), time is not on their side.

If you can, use some of your tax power to help a Day Centre for the lonely, a minibus for the housebound, medical treatment or research, or food for those near starvation.

£10 provides 50 nourishing meals for the elderly overseas.
£50 contributes to the cost of a minibus for the elderly.
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POLITICS TODAY

Alliance back on the road

By Malcolm Rutherford

MR DAVID STEEL will address the Liberal Party Assembly in Bournemouth today, confident that the SDP-Liberal Alliance is back on the road. Mr Roy Jenkins, the Social Democrat leader, will follow on in the closing session tomorrow.

Although as of mid-week the two speeches had not been co-ordinated, there does seem to be a certain osmosis between the two men. Mr Steel is likely to deliver a biting attack on Mrs Thatcher's Toryism and, in particular, the assertion that "there is no alternative." He will show his disdain for the Labour Party by practically ignoring it. And be will call for a new international settlement bringing together issues of development and disarmament—North-South and East-West—rather like what emerged from Bretton Woods and San Francisco at the end of the Second World War. Nothing there for Mr Jenkins to quarrel with.

The next test of the Alliance will come in three weeks' time when the Social Democrats begin their itinerant conference in Cardiff. In between, Labour and the Tories will have met in Blackpool and Brighton respectively. Much of the future of the Alliance depends on how those two parties conduct their affairs. By the end of the conference season the Alliance's aim must be to have developed a synthesis between the Liberals and the SDP.

How far is it true that after a period of internal dissension and a fall in the opinion polls the Alliance is again road-worthy? The initial evidence from Bournemouth is positive.

Certainly this year's Liberal Assembly has a very different air from last year's gathering in Llandudno. At that time there was a distinct feeling of inferiority. Liberals felt that while the idea of an Alliance could hardly be turned down, they were in danger of being swamped by such former Cabinet stars as Mr Jenkins and Mrs Shirley Williams and their attendant publicity.

All that has changed. The Liberals have come back to establish a position of at least equality and in some csses even superiority. There sre several reasons. The most important is that the Liberals did notably better than the Social Democrats in the local elections in May. Behind that lies their greater organisation. (In a move that the Tories had better watch out, the Liberals are now extending their techniques of "community politics"—concentrating on local issues and local complaints — from the cities to the rural areas.)

The allocation of seats to be fought has also been settled slightly in the Liberals' favour. They will contest just over 320 and the SDP just over 300.

"Settled" is perhaps too strong a word: there may still be some disputes at the local level. One Liberal MP tells the story of a constituency where the Liberal organiser is a bank manager. The other day the local SDP came to see him, seeking an overdraft to cover expenses at the last local elections. The conclusion drawn is that the seat will have to be passed back to the Liberals in the end because the SDP lacks the resources to fight it.

Still, the main agony of the seat distribution appears to be over and there is a great sense of relief. Great credit is also given to Mr Steel who has kept his head and has emerged as at least as big a figure as any of the former Labour Cabinet Ministers now in the SDP. Indeed the theme of the Bournemouth assembly is "Preparing for Government," taking up directly the leader's parting words at Llandudno. Mr Steel is a man whose political ambition is hard not to admire.

There is a change, too, in the attitude of the SDP. A year ago some of them would say patronisingly that they wished that just one or two of the defectors from the two big parties would go to the Liberals. Today there is a recognition that the Liberals are a well-organised force which has been preparing the ground for years.

Yet it cannot be denied that there have been pitfalls along the way. The battle over seats was painful. The decline in the opinion polls has hurt the leaders of both parties to the Alliance more than they like to admit in public. The Liberals are about to acknowledge that they have grave problems of finance, as indeed must the SDP, especially if the pace of their campaign is to be stepped up.

Liberals have also noted signs of their own disease among Social Democrats. This may be defined as a tendency to retreat into internal party politics, to raise issues before their time and then to forget about them when they become topical. The Liberal record here is remarkable. They stressed proportional representation, industrial democracy and the need to protect the environment ahead of the other parties. Yet none of these themes is particularly prominent at Bournemouth.

"Above all, perhaps, the Liberal leadership is worried about the continuing absence of rapport between Mr Jenkins and Dr David Owen. It is felt—rightly, in my view—that Mr Jenkins ought to take the initiative in offering Dr Owen a key role in the Alliance. An unprompted act of obeisance is unlikely to come from the latter. Yet without reconciliation the suspicion will remain that at least part of the SDP wants to maintain a distinctly separate identity.

So much for the reservations. Here are some plus points. The most crucial is that the two parties seem finally to have recognised that if they do not get their act together now, they might as well give up. There are at most 20 months to a general election and it could come sooner.

Indeed, one of the talking points at Bournemouth has been the possibility that it could come as early as next May. Certainly the economic arguments for going to the country then could be compelling: inflation tamed but unlikely to come down much further, and a tax-cutting budget in March. There would be little major legislation left in the pipeline and the need to seek a mandate for new measures. Equally the Tories might still have some of their current post-Falklands popularity in the opinion polls, a factor which can hardly continue indefinitely.

While everything that is known about Mrs Thatcher suggests that she will choose to soldier on, she would be unwise to rule out the May option. The other parties should be aware of it.

For the Alliance that means that all pieces should be in place by early in the new year at the latest. That seems to be the present timetable. The first joint meeting of Liberal and Social Democrat MPs will take place on November 3 just after the Queen's Speech announcing the Government's programme for the new parliamentary session. Policy documents should be agreed by around Christmas and there will be a giant rally in the Central Hall, Westminster, on January 20 which it is hoped all MPs and prospective parliamentary candidates will attend. Similar rallies will be held in Scotland and Wales and there will also be regional shindigs.

Here it is worth pausing to note the role of Mr Cyril Smith, the Liberal MP for Rochdale, who appeared at Bournemouth as a rejuvenated figure. Mr Smith was originally one of the strongest Liberal critics of the Alliance. He has been won over partly by being given a role to play. The spectacle of his working with Mrs Williams on organisation and publicity may be a strange one and a cartoonist's dream to boot, but for the moment it seems to work.

Mr Smith has an interest in amateur theatricals and brass bands which he intends to exploit. Why, he says, should the Tories be allowed to monopolise the Union Jack and all the best tunes like *Land of Hope and Glory*? The idea is that the Central Hall rally will thrill to the sound of music. At his best, Mr Smith is a formidable populist politician who has the advantage of roots in the North.

There remains the question of the Alliance Shadow Cabinet or Government-in-waiting. There is a problem here in that several Liberals who would hope to be in it are not yet in Parliament. Yet Mr Steel admitted at Bournemouth that it would have to be faced. When the election approached, he said, a shadow alternative government must be "ready and visible." The sooner the better, one would have thought.

Perhaps it is the Bournemouth air that carries people away, but it is noticeable that one or two of the Liberal MPs have begun to look a good deal more solid than at previous assemblies: Mr Richard Wainwright and Mr Alan Beith, in particular. The thought that they might one day be in a real Cabinet is just beginning to take hold.

The ambition of the party organisation may be illustrated by the fact that it intends to designate about 200 seats as winnable by Liberal candidates. At the 1979 election the aim was only 50, though of course that was not achieved.

The main assets now are that the party has been advancing steadily over the years, even if it has been a case of three steps forward, two steps back. Combined support for the two main parties has generally been falling. There is the SDP to add weight and there is an Alliance, the very name of which may appeal to people's desire for partnership and working together. There is also Mr Steel's reputation in the country. At the very least, it looks like a three-horse race, whatever the opinion polls say today.

Lombard

A strategy for Hong Kong

By Robert Cottrell

MRS THATCHER'S meetings with Chinese leaders in Peking have initiated historic negotiations on the future of Hong Kong. Britain faces the task of reconciling China's requirements for sovereignty over the British-held territory with Hong Kong's desire that its liberal capitalist integrity should not be undermined. Ideally, Hong Kong will be nursed through the transition between two fictions: the discarding of the unacceptable 19th-century fiction that it is part of Britain and the substitution of an acceptable 20th-century fiction, that it is part of China.

China has summarised in two principles its intentions towards Hong Kong. It will re-assert sovereignty over the whole territory but it will strive to preserve its prosperity. On the first count, China has the upper hand. Britain could not defend Hong Kong if China sought sovereignty through unilateral action. Prosperity, however, depends upon business confidence, which has in turn been built upon a British administration of Hong Kong.

Britain's approach to the question of Hong Kong's future mingles high moral principles with political realities. Mrs Thatcher stands by her colonists. She admires Hong Kong's economic success story. She has before her the possibility of another foreign policy triumph, or a failure

For China, Hong Kong is both a problem and an opportunity. If the New Territories' lease did not expire in 1997, if the status quo could go on unobstructed, Peking would no doubt be delighted to be spared the troublesome business of balancing ideological and mercenary considerations.

But, since Hong Kong has obtruded, it provides China with a stepping-stone towards the resolution of an issue more important both politically and emotionally—the re-unification of Taiwan. The Chinese draft constitution describes that task as "the sacred duty of the entire Chinese people."

The Chinese draft constitution provides for zones within China run on divergent principles. China seems to accept that preserving prosperity in Hong Kong means preserving the existing capitalist system. But if China is willing to accommodate capitalism, is it competent to oversee it?

If Mrs Thatcher is eventually to acknowledge Chinese sovereignty over Hong Kong, she will need first to persuade Peking that it is Britain, through experience, which knows the limits of the possible when it comes to administering it.

Any shift in political perspective is liable to have a debilitating effect on business confidence. The task is to minimise that effect. It may prove possible, perhaps with one or two years of intensive negotiation, to agree in principle to swap British acknowledgement of Chinese sovereignty for Chinese guarantees of an acceptable administration. Attending that agreement would be the opportunity to erase—by a legal sleight of hand, overt or covert—the 1997 time barrier, which frays so many Hong Kong nerves.

But the prerequisite for such a bargain should be the understanding that Hong Kong will then be allowed a period of taking stock, accompanied, perhaps, by a tempering of Peking's aspirations. China might well like participation on preferred terms in profitable public-service businesses—say, a second cross-harbour toll tunnel. Such political compromising of the market mechanism would have a damaging effect—presaged recently by the Hong Kong stock market's shocked reaction to the sale of a new headquarters site to the Bank of China on concessionary terms.

Beyond that period of taking stock could lie an effectively open-ended phase of pragmatic development under British tutelage. The ultimate goal would be localisation of powers in Hong Kong, through the continuing assumption of authority by the younger generation of managerial and technocratic Hong Kong Chinese. Formal localisation of powers would be, in fact, easier under Chinese sovereignty. Too much self-rule—including democracy—under British sovereignty would smack of incipient secessionism.

Britain could continue to maintain a profile in Hong Kong, managed in accordance with the demands of administration and the needs of confidence. It would be a process of nurture rather than abandonment.

Letters to the Editor

Global rise in the market strength of labour

Sir,—Samuel Brittan writes (September 16) that he does not fully understand my world de-industrialisation thesis. Let me try to summarise it:

The disproportionate expansion of manufacturing output in lesser developed countries (LDCs) since the mid-1960s lowered the relative price of manufactures on world markets (raised the relative price of commodities/services). This relative price signal has induced Organisation for Economic Co-operation and Development producers to lower their output of manufactures relative to other output.

During the subsequent re-allocation of resources in the OECD block there is "mismatch" unemployment. Redundant steelworkers, garment makers, etc in OECD cannot turn themselves into computer programmers etc overnight.

As relative manufacturing output in OECD countries falls the profit share falls and the wage share rises under the plausible assumption that manufactures are relatively capital intensive. Economists will recognise this as the Stolper-Samuelson theorem. It is this which has underpinned the global rise in the market strength of labour since the mid 1960s.

LDC industrialisation raised the relative return on LDC capital. This has caused capital to flow into the Third World in search of better returns, sapping capital investment in the OECD block. The rise in Third World indebtedness is therefore by and large an equilibrium phenomenon. It is not, for the most part, a disequilibrium problem induced by the Organisation of Petroleum Exporting Countries oil price hikes.

The lower OECD capital stock further reduces the profit share on the afore-mentioned assumption that manufactures are relatively capital intensive. Economists will recognise this as Rybczynski's theorem.

Michael Beenstock,
The City University,
Frobisher Crescent,
Barbican, EC2.

Reflation without inflation

From the Honorary Secretary, Economic Research Council

Sir,—Several important bodies have called for varying degrees of reflation to combat recession and unemployment. Government spokesmen have declared that to give way to these demands would undo the progress made in combating inflation and would worsen the situation. Yet there is no doubt that there is a massive under-use of both manpower and productive capacity which needs to be activated if we are to overcome our present problem.

Given the present system whereby money comes into circulation, the Government is right. It cannot, under present circumstances increase taxation without harming the already weak economic position; borrowing from the public is already nearing its limit. This leads to the only other source, increased borrowing from the banking system if public expenditure is to be significantly increased. This is where the trouble arises.

It is a strange anomaly that the Government has maintained the power to control the note issue through the Bank of England. We have shown that since 1945 about £19bn of revenue, £9.3bn arising from the increase in notes issued and £9.8bn from interest saved on Government securities held as backing for the issue. At the same time, by far the larger proportion of money supply has arisen from the creation of credit by the banking system and the Government has, therefore, to meet vast amounts in interest charges on its borrowings. In 1980 interest payments represented 10.6 per cent of central government current expenditure.

This leads to the conclusion that the power to increase the amount of credit money in circulation should revert to the state where historically it belongs. If the Government had followed a policy of extensive fiduciary control and had itself issued credit, rather than allowing the banks to do so, it could have greatly reduced the need for increased Government borrowing, with consequent reduction of interest payments on the national debt. This would have made possible a degree of reflation without increasing inflation.

Edward Holloway,
55 Park Lane, W1.

Members of Lloyd's

From the Deputy Chairman, Association of External Members of Lloyd's.

Sir,—Your report (September 17) of the reaction of the Association of External Members of Lloyd's to the Lloyd's working party's consultative paper on ownership and control of underwriting agencies requires some clarification.

The requirement in the Lloyd's Act that Lloyd's brokers divest themselves of interests in Lloyd's managing agencies presents a unique opportunity to ensure that the future ownership of Lloyd's is in the hands of as wide a representation of names as possible at Lloyd's, particularly the external members who make up over 80 per cent of membership and put up the lion's share of the working capital. The working party needs to go much further than it has done in a number of respects:

It should ensure that in future that external names are properly represented by shareholding and directors in managing and names agencies and should be encouraged towards this end. It should also tackle what surely is one of its main tasks and that is to devise a formula and procedures for divestment or at least come up with some alternatives. It merely concludes that it: "... feels unable to proffer advice on manner of divestment." It also seeks to perpetuate the use of "voting shares" to determine "control" of Lloyd's managing and names agents despite the strictures contained in the Fisher report which pointed out that this could lead to abuse. The requirement restricting ownership of managing agents and names agents to those in Lloyd's should apply to all classes of shares. Also, any relaxation of the rule requiring all directors to be members of Lloyd's should be resisted.

Anthony O. R. Mitchley,
15 Bryanston Square, W1.

Per capita debts

From the Chairman, Finance and General Purposes Policy Committee, London Borough of Hammersmith and Fulham

Sir,—Mr Blackmun of our local ratepayers' association (September 16) has displayed his usual mastery of local government finance.

He correctly states that Hammersmith and Fulham Council's debt per head is £1,103. But a home owner with three dependants and a mortgage of £20,000 has a debt per head of £5,000 and a valuable asset to boot. On Mr Blackmun's logic this home-owner is more than four times irresponsible as the council. Does he not realise that the council also has assets worth considerably more than its debt?

S. N. B. Leishman (Councillor),
Town Hall,
King Street, W6.

Buy the Nissan project

From Mr G. Robinson, MP

Sir,—We are reliably informed by the Press that the Prime Minister during her visit to Japan this week has failed to revive the Nissan project. For her to have tried at all was nothing more than a quixotic gesture as her advisers, experienced in negotiations with the Japanese, must have made plain to her.

Simply to abandon the Nissan project in toto now however would be a pity. The original plan was a bold one—an integrated car manufacturing plant of 200,000 vehicles per year incorporating the most advanced product and manufacturing technology and with a high degree of local content. Such a plan could have led to the transfer of technology back to this country. Furthermore, there is a clear need for an increase in internationally competitive car manufacturing capacity in the UK. Last year UK-based production was only 26.7 per cent of German production and 36.6 per cent of French production. As for British Leyland, the last remaining British-owned company, its share of the home market has this year slipped to a lamentable 18.1 per cent.

What then is needed is a project that will at once increase British Leyland's home market share and increase productive capacity in the UK. Only a massive injection of product and manufacturing technology into BL can achieve this.

Why, therefore, does the Government not make a bold gesture of offering to purchase outright the entire industrial property rights (or a comprehensive licence to use them) for the Nissan project? All engineering drawing release must be ready for the manufacturing plant and the product design. Access to this for an appropriate financial consideration would enable BL—to whom these rights would be assigned—to move into the forefront of motor vehicle technology and to recover the decades of product decline since Sir Alec Issigonis astonished the world motor industry with the Mini.

Putting the Japanese on the spot—as the Argentines were in a different context—with a firm and financially realistic offer would test their sincerity to embark on a real transfer of technology as a gesture of enlightened industrial self-interest. After all, it was not so very long ago that I can remember their visiting Longbridge and taking for free all we then had to offer.

Geoffrey Robinson,
House of Commons, SW1.

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Vickers forecasts lower profits for full year

DIRECTORS of Vickers, the engineering, motor cars, and printing machinery concern, are forecasting lower profits for the whole of 1982, compared with £24.6m for the previous 12 months.

Pre-tax surplus for the first six months just ahead at £10.2m, against £9.5m, but the directors say they had earlier expected growth in profits for the full period, largely as a result of severe rationalisation and de-manning programmes.

"However, a further general weakening of demand experienced during the last three months indicates that despite further slimming action already in hand, profits for the full year will fall short of those earned in 1981," they state.

The net interim dividend is maintained at 4.55p, however—last year's final payment was 7.45p—despite lower earnings per share of 7p, compared with 8.2p.

Group sales reached £318.6m, against £288.3m.

The directors say that car sales—the company merged with Rolls-Royce Motors Holdings in 1980—have been disappointing so far. Sales remain depressed in the group's two biggest markets, the UK and the U.S., and although sales to other markets are more resilient—Middle East sales are running at record levels—output has had to be reduced.

The directors feel it is some measure of the company's strength that other UK businesses produced "sufficiently improved results to more than offset the situation during the first half year."

Six months trading profits amounted to £20.3m (£19m), redundancy costs took £2.4m (£1.2m), and interest payable, less investment income, of £8m (£8.5m).

Profits included associates share of £0.3m (£0.2m), but were subject to tax up from £2.6m to £4.1m. After minority interests, £0.3m (£0.5m), extraordinary debits of £2.1m (£4.4m) and preference dividends, £0.2m (same), the available balance emerged £1.7m higher at £3.5m.

See Lex

HIGHLIGHTS

The chief feature of today's Lex column is the two gloomy statements made by large and beleaguered manufacturing companies, Dunlop and Vickers. Dunlop, although announcing a return to pre-tax profits for the first half of 1982, warns of a marked worsening in trading conditions while Vickers, modestly ahead at the half way stage, says quite categorically that it expects lower profits in the second half. Meantime Rowntree Mackintosh reports a 57 per cent rise in pre-tax profits to £13.7m helped by a big reduction in interest charges and some improvement in volume. Lex also discusses the London flotation of International Signal and Control Corporation which is making its London debut via an offer for sale. Lex decided it is a high risk investment.

Hall Engineering down slightly

ALTHOUGH turnover was boosted from £44.06m to £56.25m taxable profits of Hall Engineering (Holdings) slipped to £3.41m for the first half of 1982, compared with £3.56m previously.

The directors say that low profit margins in conditions of intense competition coupled with high interest charges—£844,000 (£228,000)—adversely affected first-half results, and are expected to have a similar effect on results for the rest of the year.

The directors point out that those adverse factors prevailed in both the UK and in South Africa, where the economy is suffering from a "sudden and dramatic downturn."

The group is in the middle of an extensive programme of rationalisation, the bulk of which is expected to be completed by the end of the current year. Significant improvements in the group's borrowing ratios and in production costs will follow, unless, they say, there is a further downturn in the economies in which Hall operates.

Earnings per 50p share are shown down from 21.42p to 16.69p but the interim dividend is maintained at 3.41p net.

Trading profits for the six months amounted to £2.78m (£3.24m), associates share was much higher at £1.47m (£547,000) but the pre-tax figure was after the increased interest charges.

After tax of £1.08m, against £680,000, and an extraordinary debit of £1.65m (nil), the available balance was much lower at £682,000, compared with £2.88m.

In compliance with revised accounting methods relating to associates, results show the group's share of those companies which are now classed as associated, but from which only dividends received would previously have been included. Comparatives have been adjusted.

On May 31 1982 £125,546 of 7¼ per cent convertible unsecured loan stock 1992/97 was converted into 92,402 ordinary shares of 50p. The remaining stock, amounting to £444,071, was converted on July 31, resulting in an issue of a further 326,836 ordinary shares.

Vickers

RESULTS FOR SIX MONTHS ENDED 30TH JUNE 1982

A summary of the unaudited consolidated results of Vickers PLC for the six months ended 30th June 1982 is given below. The profit before tax was £10.2 million compared to £9.5 million for 1981.

As has already been reported, car sales so far this year have been disappointing. Sales remain depressed in our two biggest markets, the UK and the USA, and although sales to other markets are more resilient, with Middle East sales running at record levels, output has had to be reduced.

It is some measure of the strength of the Company as a whole that other UK businesses have produced sufficiently improved results to more than offset the situation during the first half year.

Earlier this year we had expected growth in overall profits for the year as a whole, largely as a result of the very severe rationalisation and demanning programmes which had been completed last year. However, a further general weakening of demand experienced during the last three months indicates that despite further slimming action already in hand, profits for the full year will fall short of those earned in 1981.

The Directors have declared an interim dividend of 4.55p (1981 4.55p) per £1 Ordinary Stock equivalent, with associated tax credit, to 6.5p (1981 6.5p) gross. The dividend will cost £4.2m and will be paid on 4th January 1983 to stockholders on the Register at 2nd December 1982.

Vickers PLC Unaudited half-year's results	Six Months to 30th June 1982 £m	1981 £m	Year 1981 £m
Sales	318.6	288.3	603.6
Trading profit	20.3	19.0	45.4
Redundancy costs	2.4	1.2	3.0
Profit before interest	17.9	17.8	42.4
Net interest payable less investment income	8.0	8.5	18.3
Profit after interest	9.9	9.3	24.1
Associated Companies	0.3	0.2	0.5
Profit before taxation	10.2	9.5	24.6
Taxation	4.1	2.6	6.4
Profit after taxation	6.1	6.9	18.2
Minority interest	0.3	0.5	1.2
Profit before extraordinary items	5.8	6.4	17.0
Extraordinary items	2.1	4.4	11.1
Stockholders' profit	3.7	2.0	5.9
Preference dividends	0.2	0.2	0.4
Ordinary stockholders' profit	3.5	1.8	5.5
Earnings per £1 of Ordinary Stock	7.0p	8.2p	21.9p
Extraordinary items include redundancy costs on closures and reorganisations, in addition to those shown above of:	£0.5m	£2.5m	£5.5m
making a total of:	£2.9m	£3.7m	£8.5m

CURRENT COST RESULTS
On a current cost basis of accounting there is a profit after taxation of £0.4m. This is after charging adjustments for cost of sales £4.6m, monetary working capital £0.6m, additional depreciation £3.2m and disposals £0.2m and after crediting a gearing adjustment of £2.9m. With charges for interest, taxation and extraordinary items unchanged and a minority interest reduced to zero the current cost loss attributable to Ordinary Stockholders is £1.9m. Current cost earnings are 0.2p per £1 of Ordinary Stock.

Vickers P.L.C., Vickers House, Millbank, London SW1P 4RA.

H. Perry Motors unchanged midterm

FIRST-HALF 1982 taxable profits of Ford main dealer, Harold Perry Motors, were unchanged at £1.58m, on sales up slightly from £48.78m to £49.9m. A shortfall in profitability from new car sales—down 27 per cent—was offset by improvements in other activities.

Mr J. F. Macgregor, the chairman, says that the phenomenal concentration in August of new car registrations—302,000 representing about 20 per cent of the forecast full year total for the UK—was shared by the group.

However, in the absence of any clear signs of a general business upturn, he says it is difficult at present to foresee profits in the second half of 1982 equalling last year's corresponding figure of £2.14m pre-tax.

The net interim dividend is unchanged at 1.5p per share and the board expects to maintain the year's payment at 3.75p.

Mid-term earnings per 25p share were a same-again 5.3p, after tax of £815,000 (£820,000). The interim dividend absorbs £271,000 (same) leaving marginally higher retained profits of £693,000, as against £686,000.

The chairman reports that the improvement in group profits in the first three months of 1982 compared with 1981, was almost wiped out in the second quarter when everyone in the retail motor trade had a particularly rough time. He adds that over the past few months, the trade has plunged even deeper into a morass of cut-throat competition.

The introduction on October 15 of the Ford Sierra will be an event of far-reaching importance to the group. The transition period inevitably has implications affecting supply, stocks and profitability, but the board is confident of the Sierra's ability to do for the group all that the Cortina so "outstandingly" did.

Group sales of commercial vehicles increased significantly in the half year and profits from these more than doubled. This was mainly related to the growth in the first half in sales of medium and heavy vans. In this sector of the market, which increased by 14 per cent over 1981, sales of Ford's Transit range increased by 64 per cent.

Other activities which did better than last year were parts sales, leasing, contract hire, and self-drive hire.

● comment

This year has been disastrous in the motor dealing trade, so Perry's interim results—up by a whisker at the pre-tax level—are better than most of its competitors. While relatively good trade in the first quarter of this year raised hopes of pre-tax profits nearer the £1.4m mark, these were soon dashed by dismal market conditions in the following three months. High levels of stock have led to cash flow problems and rising interest charges on what is normally quite a strong balance sheet. The good news is that sales of commercial vehicles were well up, with profits from that sector more than double what they were last year. But margins have been squeezed terribly and are now the narrowest the chairman has ever seen. He is pinning his hopes on the new Sierra, for which orders are very encouraging. And even if Perry has problems of short supply in the car's infancy, at least that means that margins can be higher. As with the whole industry though, prospects are bleak, and the company will have done well if it manages to maintain full-year profits at their 1981 level. Shares dropped 2p yesterday and now, at 88p, show a yield of 6.2 per cent.

Enlarged Oceonics returns to market

DEALINGS IN the shares of Oceonics, a marine electronics company which joined the USM in March, resume today following the completion of negotiations to purchase Geomex, a Hong Kong-based company which is engaged in similar activities to Oceonics, whose shares were suspended in June at 255p, an all-time high and almost twice the placing price of 130p.

The purchase price of Geomex has been fixed at US$13.5m and will be satisfied by the issue of new ordinary shares of Oceonics. Subject to shareholders' approval, Hill Samuel, the merchant bank, will purchase the bulk of these shares for $8m for placing, on behalf of the vendors, mainly with investment institutions. The rest of the shares will be retained by the vendors and are subject to restrictions on disposal.

Assuming a placing price of 2540p, the number of new Oceonics shares would be about 3.4m, including 1.3m shares retained by the vendor. The total number of shares for the enlarged group would be around 13.5m, indicating a market capitalisation of around £32m.

On the basis of a pro-forma balance sheet for the enlarged group, net tangible assets would be £6.56m for 1982. This compares to Oceonics net tangible assets of £1.68m at September 30 1981. Adjusting for varying year-ends of the two groups, and assuming the pre-tax profits of Geomex had been consolidated for the year ended March 1982, pre-tax profits of the expanded Oceonics group would have been £3.3m and earnings attributable to shareholders, after actual tax charges, would have been £3.19m.

Based on this estimate and the number of shares to be issued in connection with the acquisition, the notional earnings per Oceonics would have been 23.7p. For the year ended March, 1982, Oceonics stated earnings per share were 11.9p.

No forecast for the combined group is given for the current twelve months. In the last five years, Geomex has increased turnover from £1.7m in 1977 to £13.8m in 1981. Pre-tax profits advanced from virtually nil in 1977 to £4.2m last year. The directors say last year's results were exceptional and while profits are expected to grow, they will not advance as rapidly.

Hill Samuel is advising the company. Brokers to the company are Simon and Coates.

● comment

Oceonics' acquisition of Geomex looks a smart move. Geomex actually uses the sophisticated equipment that Oceonics makes and supplies, while the acquired company's spread in Asia and the Middle East neatly complements Oceonics' present activities in the North Sea, U.S. and Australia. The companies together, immediately become one of the dominant forces in their esoteric world, with most of their competition coming from small divisions of multinational electronic groups. It has been proven before that independent like Oceonics can be faster off the mark than such competition. It remains to be seen if Oceonic can keep up the right sort of momentum. The extra amount of shares to be issued for Geomex should keep today's premium in check, but there's no accounting for the market's appetite for one-of-a-kind high tech. companies these days.

Newarthill expands at halftime

FOR THE six months ended April 30 1982 pre-tax profits, on a current cost basis, of Newarthill, construction, property and investment, and aircraft chartering group, rose from £8.64m to £10.93m. Trading activities accounted for £9.86m of the figure, against £5.78m previously.

Historical pre-tax profits for the six months amounted to £12.28m, compared with £10.72m.

The directors of this close company say the profit improvement was due to satisfactory construction profits which continue to hold up well in the second half. Full year profits are expected to exceed the CCA £10.96m for 1981.

Turnover at midway totalled £136m (£124m).

CCA pre-tax figure for the six months also included associates share, down from £2.86m to £1.07m. Tax took £5.45m (£3.78m) and there were much lower extraordinary credits amounting to £388,000, against last year's £6.55m.

Stated earnings per £1 share were 32.2p compared with 28.8p.

The directors point out that comparative figures have been adjusted and do not include results of Gee, Walker and Slater, former subsidiary which was sold to Wiggins Group.

● comment

Newarthill has restated last year's figures, lumped in interest receivable and property profits above the line, and once again done its best to make the analysis of its figures an exercise in despair. But it is clear, despite the restatement of last year's figures, that the company has made an admirable advance at the pre-tax level on top of an already admirable performance in the first six months of 1981. Benefits from the £200m Torness nuclear station contract must be part of the advance, as well as the company's continued strength in winning high quality contracts in the commercial property sector. The shares have climbed by about 35 per cent in the last year and yesterday rose 7p to 523p. This increase was helped in part by the company's CCA net asset value per share stated at the last balance sheet date as 641p. And this figure was without the benefit of a property revaluation since the company went public 10 years ago. Estimates in the City of asset backing of this secretive company's shares range all the way up to £9-£10. Assuming another 1p increase this year in the dividend, the yield is 2.4 per cent.

Heelamat Holdings

Mr Michael Strom, co-founder and chairman of Heelamat Holdings, rejects our September comment on the company's results and has requested us to make clear that neither he nor his wife sold any of their shares at the time of the November 1980 flotation on the USM, and that their taking up 10 per cent of their entitlement under the September 1981 rights issue did not reflect any view of the company's prospects, one way or the other.

We would like to make clear that our opening comment did not relate to these matters but to the fall in the share price since the rights issue.

POWELL DUFFRYN

Powell Duffryn has acquired 65,000 cu metres bulk liquid storage terminal at Savannah, Georgia, U.S., from Charter International Oil Company.

Telfos turns in £0.1m for first six months

A taxable surplus of £101,000 has been produced at Telfos Holdings, compared with losses of £225,000 for the six months to June 30 1982. Sales for this holding company, formed to become the holding company of Charles Clifford Industries in December 1981, was unchanged at £3.75m.

The directors of this manufacturer of non-ferrous metal products and metal spraying equipment believe that there are good prospects of continuing the progress made so far. They have declared a net maiden interim of 0.28p on earnings per 20p share of 1.8p.

In the last full year pre-tax losses amounted to £246,000 on sales of £8.02m.

They say that a substantial improvement has been made this year at Charles Clifford by concentrating on higher value-added products and strict control of costs. They say that this subsidiary is now trading profitably.

The two companies Metallisation and Metallisation Service have both made higher profits than in the corresponding period of 1981.

Bank borrowings have been reduced from £2.64m at December 31, 1981 to £170,000 through the £1.5m rights issue in January, asset disposals and release of working capital.

Pre-tax profits were struck after reduced interest charges of £108,000 (£187,000), and after loan stock interest this time of £72,000.

At the trading level profits stood at £281,000, against previous losses of £8,000. There were exceptional debits last time of £60,000.

After extraordinary credits this time of £47,000 (debits £70,000) the attributable balance was shown as improving from a previous deficit of £318,000 to a surplus of £148,000.

Mid-Sussex Water raising £1.5m

The Mid-Sussex Water Company is raising £1.5m through a placing of 12.5 per cent redeemable debenture stock 1987-89, at £100 per cent.

At that price, both the flat and redemption yields are 12.5 per cent. The final redemption date is October 3, 1989.

The first interest payment will be £6.4 per £100 stock on April 3, 1983 and thereafter interest will be paid half yearly on October 3 and April 3.

Dealings are expected to start at 9.30 am on September 27. Brokers to the issue are Dennis Murphy, Campbell and Co.

J. Wilkes back in the black: interim held

Figues released by James Wilkes for the first six months of 1982 reveal that the group returned to the black with profits of £101,000, compared with a loss of £479,000 previously.

The result was struck after all charges, including tax of £47,000, against £53,000. It included an extraordinary credit of £82,000 (£448,000 debit), being mainly from property sales.

Turnover held steady at £3.85m (£3.82m)—the group manufactures business forms and equipment. At the attributable level there was a surplus of £56,000 (£475,000 loss).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
APV Holdings ......int	2.8	Nov 8	2.8	—	9.6
Baillie Gifford Japan ...	0.4	—	—	0.4	—
Clarke Nickolls ......int	1.75	Nov 22	1.75	—	4.5
Dowding and Mills	1.09	Nov 1	0.95	1.87	1.65
Dunlop ......int	2	Jan 4	2	—	4
Gen Investors ......int§	1.25	Nov 1	1.25*	—	3.3*
Haden ......int	2.25	Nov 23	2	—	7.5
Hall Engineering ...int	3.41	Nov 12	3.41	—	7.61
Harrison Cowley ......int	1.5	Nov 17	1.4	—	3.85
Laporte ......int	3.5	Nov 12	3.5	—	7
Thos Marshall ......int	1.2	—	1.3	—	2.8
Maynards	6.63	Nov 19	6.25	9.75	9.38
John Menzies ......int	1.6	Jan 7	1.45	—	4.5
Wm Morrison ......int	0.45	Nov 9	0.4	—	1.4
Mucklow	2.25	Jan 5	2	4.25	3.88
Owen Owen ......int	1	Dec 3	1	—	3
Park Place	3.25	Nov 11	2.35	5	3.6
Harold Perry Motors int	1.5	Dec 7	1.5	—	3.75
Ramus Bldgs	3.5‡	Oct 30	—	5	—
Rowntree Mackintosh int	2.9	Jan 4	2.7	—	8
Supra Group ......int	0.75	Nov 24	0.68*	—	1.82*
Telfos Holdings ......int	0.28	Nov 5	—	—	—
Vickers ......int‡	4.55	Jan 4	4.55	—	12
WW Group ......int	1.94	Nov 5	1.94	—	6.6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Final of 2.25p expected.

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NORTON & WRIGHT GROUP P.L.C.

Summary of Results

	Year ended 31st March 1982 £	Year ended 31st March 1981 £
Turnover	6,694,978	5,599,856
Profit before taxation	107,862	43,466
Dividend	69,868	29,038

Extracts from Statement by the Chairman Mr. D. S. Rocklin

★ Dividend of 2p per share compared with 1p per share last year.
★ Exports accounted for 41% of turnover compared with 25% in 1981 — We now service 22 countries and states throughout the world.
★ Encouraging trend continues in first quarter of current year.
★ Company is actively investigating suitable opportunities to broaden its activities.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
129	120	Ass. Brit. Ind. Ord. ...	128	—	6.4	5.0	11.7	14.5
138	100	Ass. Brit. Ind. CULS...	137	—	10.0	7.3	—	—
75	62	Airsprung Group	68	—	6.1	9.0	7.7	13.3
51	33	Armitage & Rhodes......	43	—	4.3	10.0	4.8	8.4
235	187	Bardon Hill	235	—	11.4	4.9	9.9	12.4
119	100	CCL 11pc Conv. Pref....	118	—	15.7	13.3	—	—
270	240	Cindico Group	266xd	—	26.4	9.9	10.8	12.1
104	60	Deborah Services	72	—	6.0	8.3	4.8	12.9
140	97	Frank Horsell	139	—	7.9	5.7	5.8	8.3
83	39	Frederick Parker	71	—	6.4	9.0	3.6	6.9
78	46	George Blair	52	—	—	—	9.0	18.8
102	83	Ind. Precision Castings	83	—	7.3	7.8	6.7	10.1
123	100	Isis Conv. Pref.	123	—	15.7	12.8	—	—
117	94	Jackson Group	117	—	7.5	6.4	3.6	7.5
140	108	James Burrough	140	—	9.3	6.9	10.2	11.4
334	186	Robert Jenkins	186	—	20.0	10.8	2.0	29.5
83	51	Scruttons "A"	81	—	5.7	7.0	10.5	12.7
222	150	Torday & Carlisle	151	—	11.4	7.5	6.8	11.6
44	21	Unilock Holdings	22	—	0.46	2.1	—	—
103	73	Walter Alexander	82	—	8.4	7.2	5.9	8.5
263	212	W. S. Yeates	247	—	14.5	5.9	6.5	12.9

Prices now available on Prestel page 48146.

Brixton Estate

International investors in commercial property

Interim Report 1982

	Six Months to 30th June 1982 £000's	1981 £000's	Year 1981 £000's
Net Rental Income	6,555	5,719	12,305
Gross Profit	3,320	2,804	6,134

■ substantially increased profit.
■ 9.7% increase in interim dividend.

Copies of the Interim Report may be obtained from: The Secretary, 22-24 Ely Place, London EC1N 6TQ.

Brixton Estate

مكتبة الأهرام

B·A·T INDUSTRIES

Interim Report: Six Months to 30 June 1982

Sir Peter Macadam, Chairman, comments:

The year is developing very much as I foretold at the Annual General Meeting in June. Our businesses in general have performed well in difficult circumstances, although improvement was not at the same excellent rate as in 1981. The results for the first half of this year reflect our ability to continue to grow despite worldwide recession, with turnover up by 13 per cent in sterling terms, pretax profit up 21 per cent and attributable profit by 32 per cent, when compared with the same period last year.

The interim dividend, the first to be paid under the new pattern announced a year ago, is 12.5p. This meets our undertaking that shareholders' income would not be reduced in the fiscal year 1982/3 as a result of the change in dividend pattern. Naturally, this dividend does not necessarily indicate the level of total dividends for the year.

There was some decline in total Group cigarette volume, but improvements in margins in some major markets contributed to a satisfactory increase in tobacco profits, notably in Brazil where the improvement begun in 1981 continued. Tobacco trading profit in the US was up by 22 per cent, with Barclay's share of the market maintained at 1.2 per cent. Our share of the German market increased in the first half, although the much higher rates of tobacco duty imposed in June make uncertain the outlook for the rest of the year.

The US retail industry entered a phase of harsh competition with much higher promotional activity since that economy went into recession last autumn. The hard going has temporarily arrested BATUS Retail's high rate of profit growth. The major acquisition of the 77 department store Marshall Field business occurred well into the half-year end so has not had an appreciable effect on Group results. Retailing in the UK has continued to be difficult but International Stores made a modest profit in the first half of the year. Mainstop has not fared as well as we had hoped, but Argos maintained its good performance.

Appleton Papers in the USA performed well, with a slightly higher turnover, better margins and the benefits of past investment coming through. The UK market experienced a number of false dawns, but Wiggins Teape improved its results in the UK. There were good results from the carbonless copying paper business in Europe.

Packaging and printing were depressed by a number of factors, but Mardon Packaging International was another of our operating groups which started to show the benefits of its past programme of efficiency improvements by returning slightly better results in the UK. However, profits were down in North America.

Amongst other trading activities, Cosmetics continued to perform well, but, in Germany, the Home Improvements businesses suffered from the adverse economic conditions.

The other major contributors to our Group, our associated companies, showed in aggregate a slight increase in pretax profits, with AMATIL and Imasco outstanding.

Prospects

Cigarette sales should continue current trends but profits are expected to be maintained in the second half of the year.

Retailing in the USA continues to be depressed and the outcome for the important last quarter of the year is uncertain. However, with the benefit of Marshall Field's contribution, turnover and trading profit will be well above last year's. UK Retailing trading results are expected to show an improvement on last year.

Paper in the UK will still face difficulties but the better performance elsewhere in the world should continue. Packaging and printing are expected to remain flat.

This is not an easy time to predict the outcome for the year with any precision. The second half of the year will not show the growth in profit reported in the first half but, subject to any adverse changes in exchange rates, I expect the year as a whole to demonstrate a real advance on last year.

P. Macadam (signature)

GROUP RESULTS

(unaudited)

	Half years to 30.6.82	Half years to 30.6.81	% change over June 1981	Half year to 31.12.81
	£ millions			
Turnover	4768	4226	+13	5039
Trading Profit	323	265	+22	369
Interest paid less received	31	28	+11	9
	292	237	+23	360
Share of associated companies' profit before tax	34	32	+6	55
Profit before taxation	326	269	+21	415
Taxation	134	124	+8	157
Profit after taxation	192	145	+32	258
Minority interest	22	16	+37	24
Net Profit Attributable to B.A.T Industries	170	129	+32	234

Associated Companies The Group's share of the profits of these companies for the appropriate periods included in the unaudited Group results is based on the latest information published by the companies.

DIVIDENDS

The Directors declared today, for payment on 16 November 1982, an interim dividend out of the profit for the twelve months to 31 December 1982 at the rate of 12.5p per share on the Ordinary Shares.

Transfers received in order by the Registrar of the Company up to 18 October 1982 will be in time to be passed for payment of the interim dividend.

As explained in the interim report issued in September 1981, the dividend pattern has been simplified to one of a single interim and a final dividend with the declarations linked to announcements of Group results. The following is a summary of the interim dividends declared for the half years to 30 June 1982 and 1981.

		1982	1981
Interim paid	1.7.81		6.5p
Interim paid	4.1.82		8.0p
Interim payable	16.11.82	12.5p	
		12.5p	14.5p

The final dividend will continue to be paid at the beginning of July.

INDUSTRIAL ANALYSIS

Half year to:	30.6.82	30.6.81	% change over June 1981	31.12.81
	£ millions			
Turnover				
Tobacco	2696	2416	+12	2906
Retailing	1117	958	+17	1222
Paper	475	416	+14	415
Packaging & printing	255	233	+9	259
Other trading activities	225	203	+11	237
	4768	4226	+13	5039
Trading profit				
Tobacco	266	205	+30	264
Retailing	6	15	−60	57
Paper	39	26	+50	21
Packaging & printing	7	8	−12	12
Other trading activities	5	11	−55	15
	323	265	+22	369

Tobacco

Turnover in local currency terms was up by 6 per cent and trading profit by 22 per cent and these were increased further on translation to sterling. A fall of 5 per cent in Group volume compared to the first half of 1981 is attributable mainly to poor trading and economic conditions in many countries but, on the whole, Group market shares were maintained.

In the United States, Brown & Williamson's turnover increased by 9 per cent in dollars and trading profit by 22 per cent helped by a combination of price increases and improved productivity. Domestic volume was down by 4 per cent in a static market but Barclay continued to perform well at 1.2 per cent of the total market. A major activity in the first half was the development nationwide of a new promotional campaign for the broadened Kool range. The company recorded a small gain in volume on the US export market, increasing its share and improving turnover and trading profit.

BAT (UK and Export) domestic sales declined as the total market was depressed by price and duty increases, although market share was maintained. Export sales volume was held in spite of difficulties in some markets: turnover and profit increased as a result of price increases and the strengthening US dollar.

In Germany, BAT Cigaretten-Fabriken's trading profit improved in the first half. The total market was reduced by price increases, mainly caused by a steep rise in tobacco taxes, but the company was affected less than its competitors and so its market share improved. Trading profit in the rest of Continental Europe also improved considerably.

Souza Cruz maintained its share of the Brazilian market, where total consumption fell further following price increases in January and April. Profit and turnover continued the improvement experienced last year.

The Argentine company is still subject to regulations introduced by the local authorities. Sales reflected the difficult economic circumstances. However despite the uncertain conditions, trading profit improved compared to the first half of 1981. A substantial increase in sales volume and profit was achieved in Venezuela.

In spite of extremely challenging conditions in Central America, results there and in the Caribbean showed some advance.

In Asia, turnover and profits improved in all markets other than in Indonesia where results were adversely affected by competition from alternative local tobacco products.

Trading results in Africa were affected adversely by Nigeria, where the tobacco industry still faces very difficult conditions and profit was reduced.

Retailing

In the United States, BATUS expanded its retail coverage with the acquisition of Marshall Field in April. The economic climate depressed the entire US retail industry. There was a reduction in sales volume for the established BATUS businesses, with a consequent effect on trading results caused by reduced gross margins and higher promotional costs. Although Gimbels New York and Philadelphia showed an improvement over the comparable period, there was a fall in trading results from the other two Gimbels divisions and from Saks Fifth Avenue. Kohl department stores slightly increased profit, but Kohl food stores recorded a loss.

In the UK, trading results before property disposals improved compared to the first half of 1981. Profits from property disposals were some £7 million less. International Stores has now returned to profit but Mainstop continued to make losses. Argos catalogue showrooms, a seasonal business with the major contribution coming in the second half, improved its results over the comparable period.

Paper

In the United States, Appleton Papers' turnover rose slightly, reflecting continuing growth in domestic carbonless volume but there was a fall in exports caused by a stronger dollar and in general mill grades due to depressed market conditions. Trading profit increased significantly, mainly because of improved margins on production and higher operating efficiencies at the Spring Mill and Harrisburg plants.

Market conditions remained very poor in the United Kingdom, with constant pressure on margins and increasing competition from Continental Europe, but the UK operations of Wiggins Teape made a lower loss than in the comparable period. Sales volume of carbonless copying paper grew substantially but margins were reduced and a greater loss incurred. Plans to concentrate carbonless paper production at one site in Ely, South Wales, have been announced. The decline in carbonless paper performance was more than offset by improved profits from several specialised sectors, notably reprographic and industrial papers and Samuel Jones self-adhesive papers.

In the rest of Europe, trading profit improved substantially, mainly in the Belgium based carbonless paper business which almost restored profit levels to those of 1980. The improvement reflected higher volumes and greater production efficiency. Elsewhere overseas, trading profit improved, notably in Brazil and India.

Packaging and Printing

Mardon Packaging International's UK performance was affected by flat trading conditions but in spite of this overall volume was maintained. Competition was severe and margins were squeezed but UK profits showed some gain over the corresponding period of 1981, mainly as a result of improved productivity.

The group's North American businesses suffered from weaker demand and lower profits were earned.

Other Trading Activities

In Germany, declining building activity and generally weak market conditions affected the home improvement companies. Excluding the effect of acquisitions, turnover was static and trading profit down.

Turnover and trading profit of British-American Cosmetics improved over the corresponding period. Trading profit was helped further by the absence of 1981's reorganisation costs.

Associated Companies

The Group's share of associated companies' profits before tax amounted to £34 million. The major contributors were Imasco in Canada and AMATIL in Australia, whose good performances offset lower returns from Associated Pulp and Paper Mills in Australia and from Empresas La Moderna in Mexico.

Imasco produced another excellent set of results with a 23 per cent advance in pretax profit. Most of its divisions contributed to that growth. Tobacco, with almost 50 per cent of the market and three out of the top four brands, continued to dominate the Canadian cigarette market. The Hardee's restaurant business benefited from inclusion of Burger Chef's results for the first time. Earnings from Retailing increased by 32 per cent, though the rate of growth of turnover was affected by adverse economic conditions.

AMATIL's profit before tax for the half year was up 24 per cent. Good increases were recorded by Tobacco, Printing and Packaging, Fibre Containers and the Steggles poultry divisions. The Meat division had a much improved half year, although returns were still not satisfactory.

22 September 1982. H. J. Edwards *Secretary*

EXCHANGE RATE EFFECTS

The results of overseas subsidiaries have been translated into sterling for the purpose of this report at rates of exchange ruling on 6 September 1982 (the latest convenient date), when sterling was at US $1.721 and Dm4.275. Comparative figures have been translated at rates ruling on 31 December 1981, and had the same exchange rates ruled on 6 September 1982 as at 31 December 1981, it is estimated that the figures would have been translated to the following:

	Half year to: 30.6.82 £ millions	change over June 1981
Turnover	4558	+ 8%
Trading profit	304	+15%
Profit before taxation	307	+14%
Net profit attributable to B.A.T Industries	159	+23%

These estimated figures do not include the devaluations of the Brazilian cruzeiro and the Argentine peso against the US dollar as such devaluations broadly represent the relative decline of the purchasing power of these currencies.

TAXATION

comprises:

Half year to:	30.6.82	30.6.81	31.12.81
	£ millions		
UK corporation tax	17	23	12
Overseas taxation	100	88	101
	117	111	113
Deferred taxation	4	—	17
Share of associates' tax charge	13	13	27
	134	124	157
Total taxation as a proportion of profit before taxation	41.1%	46.1%	37.8%

The reduction in the overall rate of tax compared to the first half of 1981 is mainly attributable to lower effective rates of taxation in the major overseas territories. The second half of 1981 also benefited from these lower rates but additionally included a larger proportion of UK tax relieved profits compared to the current half year.

ACCOUNTING FOR INFLATION

Current Cost Accounting

The net profit attributable to B.A.T Industries shown in the Group Results is arrived at on an historic cost accounting basis. The current cost profit and loss account prepared in accordance with SSAP16 is set out below.

Half year to:		30.6.82 £ millions		30.6.81
Turnover		4768		4226
Trading Profit per Group Results		323		265
Cost of sales adjustment	101		93	
Depreciation adjustment	44		41	
Monetary working capital adjustment	(34)	111	(19)	114
Current cost operating profit		212		151
Interest paid less received	31		28	
Gearing adjustment	(29)	2	(26)	2
		210		149
Share of associated companies' current cost profit before tax		24		24
Current cost profit before taxation		234		173
Taxation		134		124
Current cost profit after taxation		100		49
Attributable to minority shareholders in subsidiaries		13		6
Current cost profit attributable to B.A.T Industries		87		43

For a number of years B.A.T Industries has calculated a retention for inflation which although similar to SSAP16 includes an adjustment for the benefit arising on other net monetary liabilities instead of a gearing adjustment.

In the directors' opinion the B.A.T Industries adjustment more accurately reflects the benefit the Group obtains from its net borrowings as the purchasing power of money declines. In the 6 months to 30 June 1982 both methods give a similar result.

B·A·T Industries p.l.c. · Windsor House · 50 Victoria Street · London SW1H 0NL

UK COMPANIES

Reduced interest charges boost Rowntree Mackintosh

ALTHOUGH TRADING margins improved only slightly Rowntree Mackintosh pushed its pre-tax profits up by £5m to £13.7m for the first 24 weeks of 1982.

The figures benefited from a subtantially lower interest charge which was attributable to effective control of working capital and the £42m rights issue proceeds received in May 1981.

Earnings per 50p share rose by 1.7p to 6.9p and the net interim dividend is being increased from 2.7p to 2.9p—a final of 5.3p was paid for the 1981 year when taxable profits totalled £39.9m.

Looking to the second half Mr Kenneth Dixon, the chairman, says it is always difficult at this stage to predict the outcome of the important next few months, particularly with present day economic uncertainties.

Sales gains, he says, comparable with those of the first half are unlikely but he confidently expects the full year's results to be *satisfactory*.

Group sales for the interim period increased by 8 per cent to £303.9m (£280.6m), reflecting a gain in volume of nearly 5 per cent—prices increased only modestly.

The UK, South Africa and France all contributed importantly to the growth in sales volume: exports to third parties substantially exceeded 1981 and were above the record levels of 1980. Mr Dixon points out that these results were achieved in depressed and highly competitive trading conditions.

Trading profits were up by 14 per cent to £15.2m (£13.3m). From these interest charges took £1.5m, compared with £4.6m.

Early in the year the group disposed of its holding in Huntley and Palmer Foods which will not be treated as an associate company in 1982. The profit on the disposal of the shares, amounting to approximately £2m, was not included in the interim results but will be treated as an extraordinary item in the annual accounts.

Half year tax rose from £2.5m to £4.3m, leaving the available balance £9.2m ahead at £9.4m.

The acquisition of RPC, the crisp and snack food business, was announced in June and its second half profits will be incorporated in the group's full year results. Progress to date is up to "best expectations."

Mr Dixon concludes that throughout the group pressure for cost reductions is being maintained and heavy investment is continuing to increase the efficiency of its production units.

These efforts, he says, combined with the group's commitment to brand building, are essential for continued growth—the group manufacture chocolate, sugar confectionery and grocery products.

See Lex

A. & J. Mucklow ahead despite second half slip

SECOND half pre-tax profits of A. & J. Mucklow Group, property rentals, estate developer, slipped from £2.48m to £2.38m, but for the full year ended June 30 1982, the figure finished ahead at £4.71m, against a previous £4.29m.

The directors state that while a strong element of caution must be appropriate in indicating any estimate of the likely outcome for the current year, the group's internal budgets point to a modest improvement in profits.

Earnings per share are shown as 7.17p (7.63p) after higher tax of £960,000 (£445,000) and the dividend is stepped up to 4.25p (3.8842p) net with a final payment of 2.25p.

Gross rental income from properties amounted to £6.23m for the 1981-82 year, against £5.74m, and turnover from trading activities was down from £8.44m to £6.08m. Pre-tax figure was made up of £4.62m (£3.85m) investment income and trading profits of £91,000 (£408,000).

After tax and dividends of £2.24m (£2.05m), the retained balance was down from £1.8m to £1.51m.

Gross rental income from the industrial property sector went ahead from £5.56m to £6.06m, the increase arising from rent reviews and new lettings which involved some 125,000 sq ft of additional factory space coming on stream. The majority of new lettings continued to be of small factory units, directors say.

The number of trading estates was increased to 44 (40) and the fully developed industrial portfolio at the year end was 4.55m sq ft.

Profit from the house building division suffered from reduced margins, due to static selling prices and higher costs.

Harrison Cowley shows 'modest' rise to £281,000

MODEST progress has been shown by Harrison Cowley (Holdings) for the six months to June 30 1982 according to Mr David Harrison, chairman, when reporting a rise in pre-tax profits from £270,000 to £281,000.

Turnover of this group of advertising agencies, marketing and public relations consultants moved down from £9.06m to £8.68m because, Mr Harrison says, the 1981 figures included £1m of sales from the Renault account which is no longer being handled by the group.

Reflecting the rise in profits and the group's healthy balance sheet and strong cash position the net *interim* dividend is being lifted from 1.4p to 1.5p. Stated earnings per 5p share moved ahead from 2.3p to 2.6p. In the last full year a total of 3.85p was paid from pre-tax profits of £520,000 on turnover of £18.01m.

In his last annual statement Mr Harrison said that 1982 would be another difficult year. He says that the regions in which the group's agencies operate are all badly hit by the recession, which shows no immediate sign of lifting.

Tax took £153,000 (£156,000) after which attributable profits moved ahead from £114,000 to £128,000.

On a current cost basis pre-tax profits were reduced to £240,000 (£209,000) and earnings per share were given as 1.7p (1.1p).

Richard Clay returns to the black at midway

More favourable trading conditions referred to in the last annual statements at Richard Clay have continued. Pre-tax profits for this book-printer and builder for the half-year are £279,000 compared with losses of £662,000. This is after charging an exceptional item of £119,000 against £462,000 for redundancy payments as a result of staffing reductions at the main Bungay factory.

The outlook for trading conditions in the second half remains uncertain, because of the general economic situation, say the directors. However, they say the cost reductions achieved in the past 18 months are showing results. Earnings per 25p share were shown as 1.59p against previous losses of 5.68p.

Interim dividends are being resumed with a payment of 1p net (1p was paid for the previous 12 months).

While the improvement in profits is substantial, the directors say, the profit figure is modest compared with results achieved before the current recession. A principal reason for this has been the losses at Fakenham Press which, as known, will be closed by the end of the year.

Price competition in the world market for colour book printing has been extremely fierce and, despite improved efficiency and reduced costs, market conditions for both margins and volume continue to be uneconomic at present cost levels.

Turnover moved ahead from £9.14m to £10.69m. At the trading level profits of £347,000 were returned compared with previous losses of £613,000. Interest paid rose from £49,000 to £68,000.

There was a tax charge this time of £135,000 against a credit of £156,000 previously. After preference dividends, £2,000 (same), attributable earnings stood at £142,000 compared with losses last time of £508,000.

On a current cost basis pre-tax profits were £100,000.

Taddale Props. at £201,000 for six months

For the six months to July 31 1982 pre-tax profits of Taddale Properties amounted to £201,000 on turnover of £581,000.

As forecast at the time of the prospectus last April an interim dividend of 1.2p net has been proposed. During the period, Mr M. Carlton, chairman, says that the company completed the purchase of the properties referred to in the prospectus. The most significant of these was some industrial land and buildings at Rainham, Essex, which were bought for £2.33m.

Taddale Properties is 44 per cent-owned by Taddale Investments, which has waived its right to the dividend.

Record £1.51m for Second City Props.

Pre-tax profits of Second City Properties improved from £1.39m to a record £1.51m for the year to April 30, 1982 from higher turnover of £18.69m, compared with £15.22m.

Tax paid was reduced from £31,259 to £29,724, after which stated earnings per 10p share came through the same at 6.75p. The dividend, however, is being effectively increased by 25 per cent to 2.2152p (1.77216p) after allowing for the one-for-four scrip) by a final of 1.5961p.

Dividend payments will absorb £497,590 (£375,117), leaving retained profits of £1.05m (£945,565).

GFSA hopes to maintain its dividend rate

BY KENNETH MARSTON, MINING EDITOR

AS SUGGESTED in this column last week the Consolidated Gold Fields group's 48 per cent-owned Gold Fields of South Africa hopes to at least maintain its dividend total of 500 cents (254p) in the current year to June 30.

To the annual report of the South African mining and finance house Mr Robin Plumbridge, the chairman, says that if the gold price in terms of South African rands is maintained at the previous year's level it should be possible to repeat the dividend, although the cover—1.6—is below that which the group would wish to see in the longer term.

Mr Plumbridge comments on international financial problems, adding: "The potential for major bankruptcies is very real and should economic conditions deteriorate, investment in gold as the ultimate means of preserving assets could be substantially stimulated."

On the labour front, Mr Plumbridge wants black workers to join employee organisations but complains that a number of South African mining industry unions have membership restrictions based on colour. Meanwhile, GFSA aims to start employing coloured (mixed race) and Indian workers on its mines.

Looking at markets for base metals, Mr Plumbridge believes that unless the U.S. reverts to expansionist policies, with a consequent rise in inflation, there will be only a modest recovery in the U.S. economy. As a result, "it is unlikely that there will be a dramatic improvement in most international commodity prices."

At the Black Mountain lead-zinc-silver-copper mine in the remote north-western Cape, where the group is partnered with America's Phelps Dodge, there was a loss in the six months to June 30 as a result of low metal prices and high interest rates. The mine's short and long term indebtedness amounts to as much as R59m (£45m). It thus faces a possible major reorganisation of its financial structure early next year.

Sir Arvi sees no uranium halt

A REASSURING view of the outlook for uranium mining in Australia was given by Sir Arvi Parbo, chairman of Western Mining Corporation, at the Australian Business and Businessmen in Europe luncheon in London yesterday.

He was questioned about the stated rejection of new uranium mining operations by Australian trades unions and the opposition Australian Labor Party. This is of particular concern in regard to Western Mining's new Yeelirrie mine and the company's huge joint venture at Olympic Dam with British Petroleum.

He said that so far these objections had not affected the development of uranium mining facilities in Australia and added: "I don't think that there is going to he any effect on uranium mining as a result of a change in Parliament."

Speaking of the Australian mining industry generally, Sir Arvi commented on the difficulties brought about by the weakness of metal markets. He considered that had it not been for the fall in the value of the Australian dollar against that of the U.S. dollar some mineral operations would have closed by now, as have so many exporting mines in other parts of the world.

Until fairly recently most Australians have been little affected by the world recession. Despite falling profits and rising losses in the mineral industry the unions have demanded further wage increases and a shorter working week. While mining profits were wilting, wages rose by 17 par cent in the 12 months to last March.

But the recent severe drought in the eastern states coupled with the continuing weakness in metal markets is bringing the message home because these two sectors provided some 84 per cent of the country's export income last year. "Australia is facing a very difficult 1983," said Sir Arvi.

Unemployment is running at just under 7 per cent and is expected to rise fairly rapidly. Consequently, said Sir Arvi, there now appears to be a spirit of economic realism taking hold with some labour unions beginning to reduce their demands.

Although he detected no early improvement in mineral markets in what was an unprecadented world economic situation, he welcomad the signs of economic realism returning to Australia. "If we can emerge in e year or two with our house in ordar, the difficult times will not have been in vain," he concluded.

Hall Engineering (Holdings) PLC

Interim Dividend on Ordinary Shares

The interim unaudited results of the Group are as follows:

	6 months to June 1982 £'000s	6 months to June 1981 £'000s
Turnover	56,250	44,058
Trading profit	2,783	3,236
Share of profits of associated companies	1,473	547
	4,256	3,783
Interest payable	844	228
Profit before tax	3,412	3,555
Tax	1,080	680
Profit after tax	2,332	2,875
Extraordinary items	1,650	—
Profit after extraordinary items	682	2,875
Preference dividend paid	32	32
Earnings per Ordinary Share	16.69p	21.42p

The Directors have declared an Interim dividend for the year of 3.41p per Ordinary Share to he paid on 12th November, 1982, to shareholders on the Register at the close of business on 15th October, 1982. The total cost of this dividend will amount to £483,700 (1981—3.41p per share—cost £469,400).

On 31st May, 1982, £125,546 7¾% Convertible Unsecured Loan Stock 1992/97 was converted into 92,402 Ordinary Shares of 50p each. The remaining Loan Stock amounting to £444,071 was converted on 31st July, 1982 resulting in the issue of a further 326,836 Ordinary Shares.

A substantial increase in the Group's United Kingdom turnover has been achieved despite adverse economic circumstances. However, low profit margins in conditions of intense competition coupled with high interest charges adversely affected the results for the first half of the current year and are expected to have a similar effect upon the results for the remainder of the year. These adverse factors prevailed in both the United Kingdom and in South Africa where the economy is suffering from e sudden and dramatic downturn.

The Group is in the middle of an extensive programme of rationalisation, the hulk of which is expected to he completed by the end of the current financial year. Significant improvements in the Group's borrowing ratios and in its production costs will follow unless there is a further downturn in the economies in which the Group operates.

In compliance with the revised accounting standard issued in April relating to associated companies the results show the Group's share of the profits of those companies which are now treated as associated hut from which only dividends actually received would previously have been included. The figures for the corresponding period of last year have been adjusted for the purpose of comparison.

Hall Engineering (Holdings) PLC, Harlescott Lane, Shrewsbury SY1 3AS

Canadian side puts Owen Owen deep in red

THE SHARP return to profit in the second six months of the 1981-82 year proved short lived for departmental stores group Owen Owen.

For the 26 weeks to July 31 last the group plunged £2.54m back into the red pre-tax, which compares with a deficit of £1.61m for the same period of the previous year. Mr John Norman, the chairman, blames the rising losses mainly on the Canadian operation due to the exceptional severity of the recession in that country.

He says the results also reflect the expected first spring season trading deficit in the Basingstoke and Hamilton Lime Ridge stores which opened in the autumn of 1981. The chairman says that store operating costs in both countries have been kept below the level of the previous year despite inflation, adding that they will continue to be rigorously controlled.

First-half sales moved ahead to £53.23m (£51.55m), excluding UK VAT. There was a tax charge of £33,000, against a previous credit of £491,000 and after taking account of minorities last year of £81,000, the attributable deficit widened from £1.06m to £2.87m, before extraordinary credits.

The net interim dividend is maintained at 1p per 25p share. Last year a final of 2p was paid from taxable losses of £220,000—the group made a profit of £1.38m in the second half.

Mr Norman points out that the level of the half year loss was in line with the indication of extremely difficult trading given at the AGM in June and warns that the extent to which the loss can be recovered will depend very largely on the levels of trade achieved in the pre-Christmas season.

He recalls that at the annual meeting he suggested that comparisons with the second half of 1981 could be favourable bearing in mind the exceptional weather conditions during December and January in the UK and the four-and-a-half months steel strike in Canada.

The chairman concludes that whereas he is reasonably hopeful of improvement in the UK, there is as yet no signs of recovery in Canada where a fundamental reappraisal is being made of operations.

Laporte rises to £9.6m midway

TAXABLE PROFITS of Laporte Industries (Holdings) rose to £9.57m for the 26 weeks to July 4 1982 which compares with £6.43m in the "relatively depressed" corresponding period of 1981.

Sales advanced from £63.65m to £76.09m to which the principal Interox companies added a further £42.69m (£36.17m). Profit before interest improved by £1.91m to £5.52m, before property sales profits—last time these totalled £301,000.

Mr R. M. Ringwald, the chairman, says trading conditions during the first half were difficult because of the world recession. Volume demand remained flat and the continuing volatility of the world currency position, he says, made life even more difficult for the group with its international spread of operations.

He points out that against this background it can be seen that the rationalisation of the group's structure and operations carried out in the last three years has strengthened its position immensely.

First-half earnings per 50p share rose by 4.6p to 8.3p but the net interim dividend is being held at 3.5p. The decision regarding the final payment will be taken when the results for the full year are known and the directors have had time to consider the prospects for 1983—a final of 3.5p was paid for 1981 from pre-tax profits of £15.21m.

Tax paid rose to £4.73m (£4.28m) and after exchange losses of £553,000 (£341,000), profits at the attributable level emerged at £4.28m, compared with £1.81m.

A geographical breakdown of sales, excluding the Interox companies, and profits before interest, shows: UK £55.2m (£49.6m) and £4.13m (£2.51m); Australia £15.45m (£10.37m) and £1.44m (£1.09m); other overseas subsidiaries £5.44m (£4.33m) and £65,000 loss (£15,000 profit).

The share of profits of associates shows the Interox contribution up from £3.93m to £5.37m and other at £296,000 (£405,000).

Mr Ringwald says that although the losses by Interox operations in the U.S. continued he is reasonably optimistic about the development of the business. He adds that around the end of the financial year he expects the profit before interest to become positive.

In all, the chairman regards the first-half result as "reasonable" and although he says he cannot predict the outcome for the second six months he does expect a marked change in demand for the group's products, which are principally chemicals.

On a CCA basis taxable profits for the first half were £5.33m.

● comment

Laporte's first-half perdformance in the UK is not so startling when compared with the second six months of 1981—down to around a 10 per cent increase with last year's property gains stripped out. Even so this is commendable given the general performance of the sector. The improvement arose mainly from a turnround at the Stallingborough site where after last year's harsh medicine and the spending of some £2m costly high stocks levels have been eliminated. The group now claims to be one of the most efficient titanium dioxide producers in the world but in a market which fell some 4 per cent on last year's depressed level, the significance of this is diminished. Establishing a profitable foothold in the U.S. peroxygen market appears to have taken longer than expected but it now seems to be coming to fruition and the latest acquisition will help. The group now claims a 25 per cent market share there. Otherwise the rest of the Interox companies continue to be a mainstay. With further benefits of surgery yet to come through £20m pre-tax at full-time is not out of reach, and some restoration of dividend levels could be in prospect. Yesterday the shares slipped 1p to 175p for a yield on maintained dividend of 5.8 per cent, assuming similar final.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Dinkie Heel, Liberty, Macallan-Glenlivet, Southampton Isle of Wight and South of England Royal Mail Steam Packet, George Wills.

Finals—Adwest, Lowland Drapery, Monaco Finance Trust, R. and J. Pullman.

FUTURE DATES

Interims—

Firmin ... Oct 8

United Newspapers ... Sept 30

Finals—

A. E. Electronic Products ... Sept 29

Halstead (James) ... Oct 5

Heavy rationalisation costs: APV 9% up

A NINE per cent increase from £6.94m to £7.57m in pre-tax profits is reported by APV Holdings for the first half of 1982. Turnover of this holding company with interests in processing and heat transfer equipment for industry, showed a substantial improvement from £133.45m to £159.3m.

Sir Ronald McIntosh, the chairman, says that in spite of rationalisation costs of £500,000 and losses incurred by the Hall Thermotank companies at Dartford, Kent, pre-tax profit in the UK was up by £500,000. He says this good result was largely due to a turnround at APV Paramount which has recovered from the very bad 1981.

He says trading conditions remain depressed throughout the world and as the recession continues, the outlook for international trade is beset by more than usual uncertainty. Nevertheless, he says the order book is healthy and the indications are that the company will enter 1983 with more orders in hand than at the beginning of this year.

He expacts profits for the second half of this year to be higher than in the first six months, and the result for the year as a whole will be broadly in line with that of last year, when pre-tax profits stood at £18.39m.

Commeoting on overseas activities, Sir Ronald says that in the U.S., Crepaco's profit is still disappointingly low, but the eroup's nther companies are doing well and the contribution from U.S. operations was £450,000 higher than in the first six months of 1981.

Elsewbere, Hall-Thermotank Africa bad e particularly successful ooening half, and the APV Bell Bryant Group in Australia maintained last year's profit level. Unfortunately, he says, APV do Brasil incurred a loss due lo the severe recession and the high cost of financing stocks.

As a result, profits of overseas companies, which benefitted by £650,000 from currency translations, are only marginally bigher than last year.

The interim dividend is unchanged at 2.8p net—last year'a total was 9.6p.

First half pre-tax profits were atruck after associate losses of £2,000 (£13,000) and interest charges of £1.16m (£1.4m).

Tax took £3.2m (£2.62m). After minoritiea of £297,000 (£180,000) and extraordinary debits of £364,000 (£260,000), attributable profits were down from £3.88m to £3.69m. Dividends absorb £792,000 against £775,000.

Stated earnings per 50p share were 14.5p (14.7p) basic, and 13p (13.3p) fully diluted.

● comment

The plight of APV'a refrigeration business, Hall Thermotank, in the helf year was not surprising given the depressed state of the bome markel. It was alsn hit by Government cuts in spending on the Navy to wbicb it bas been a major supplier of refrigeration and eir conditioning equipment. Last year's major surgery at Paramount foundry bas brought the activity more into line with the contracted size of the industry and further gains here must depend on an upturn in demand. On comparable exchange rates the contribution from the U.S. was little changed. A question mark must remain around Crepaco's ability to pick up in view of the state of the U.S. economy, though closure of one of this company's plants should produce some benefits. Togetbar with the slimming in refrigeration this closure will help hump extraordinary costs well above £0.36m in the second six months. Optimism for the second half is encouraged by the pick up in demand for food processing equipment and an order book higher than a year ago. A small advance on last year is possible, but the shares could not find a firm fooling in a generally weak market yesterday and fell 18p to 260p for a fully taxed prospective p/e on a similar outturn at 9.

Hamilton Oil tops £13m halfway

FOR THE first half of 1982, Hamilton Oil Great Britain, oil and gas exploration and production group, increased pre-tax profits from £10.94m to £13.04m, oo turnover up from £12.3m to £20.22m.

Operating profits rose by 31 per cent to £11.61m, es against £8.83m. Pre-tax results included lower interest income of £1.4m (£2.11m) and a £32,000 share of the profits of certain U.S. limited partnerships.

After tax of £6.63m (£5.62m) and and extraordinary debit of £0.55m previously, profits cama through at £6.41m, compared with £4.77m. Stated earnings per 10p share improved by 2.2p to 12.8p.

No interim dividend is again proposed. Last year, pre-tax profita totalled £13.17m and a single payment of 1p per sbare was made.

Almost ell the group'a operating income was derived from its 28.8 per cent interest in Block 30/24 of the UK sector of the North Sea where production during the first half of 1982 amnunted to 4.28m barrela, against 2.15m barrels in the same period of 1981.

This included more than 800,000 barrels produced during an extended production test on the discovery well on the "A" structure which has now been designated as tha Duncan structure. This test was conducted under a Dapartment of Energy permit which ellowed a maximum production of 900,000 barrels and this was achieved on July 8. A similar test is now in progress on tha discovery wall on tha "B" structura which lies between Duncen and Argyll.

These lasts and the results of the second well on Doncan confirm that significant additional reserves have been discovered in Block 30/24. Further drilling on Duncan is planned this year and two further production wells have been completed in the Argyll field.

In lhe Buoler gas area offshore Yorkshire, two wells were drilled in Block 43/13a whera the company has a 48 per cent interest. The first well tested gas at e rate in excess of 30m cubic feet per day: the second well, designed to establish the leteral extent of the field, discovered e similar thickness of gas-hearing sands. On tha hasis of the results of these wells, studies are now in hand to formulate a development scheme.

Elsewbera in the North Sea, exploration wells were drilled in Block 18/5a in the Moray Firth and in Block 30/25a to the east of the Argyll field. Both were abandoned as dry holes.

In the U.S., production started from the gas discoveries at Fifteen Mile Creek and Wittgo in Texas and at North Bessie in Oklahoma, in which the company has small interests. Other gas discoveries in Mustang Island Block 748-L offshore Texas and al North Gueydan in Louisiana, are expecled to come on stream leter this year.

Several algnificant deep wildcal wells are currently being drilled offabore in the Gulf of Mexico. At Utikuma East in Canada, oil was discovered during the winter; full testing will he carriad out next wioter.

The Hamilton International Joint Venture, to which the company has agreed to contribute 10 per cent of the cost, has acquired rights over a large mountain tract in Peru whera bydrocarbons heve previously been discovered and seismic work is now in progress.

Blue Bird well ahead and dividend is lifted

Pre-tax profits of Blue Bird Confectionery Holdings advanced from £112,151 to £377,722 for the year to July 3 1982 and with stated earnings par 25p share coming through 3.8p better at 7.8p the dividend is being stappad up from 4.35p to 4.57p net with a final of 3.12p.

Turnover for tha year declined to £9.23m (£10.22m) but the trading surplus moved ahead to £631,358 (£375,544), from which interest and depraciation took £253,636 (£263,393). Tax paid amounted to £39,263 (£46,134 credit).

The directors say they are pursuing a long-term strategy with no action heing taken for the sake of achieving a short-term profit objective. Given reasonable social stability and an improvement in the genaral economic climete, they say the group could improve upon its performance

J&J DYSON P.L.C.

THE MAIN TRADING ACTIVITIES OF THE GROUP ARE THE MANUFACTURE OF REFRACTORIES, SALE OF MOTOR VEHICLES AND SUPPLIES AND THE MANUFACTURING OF VEHICLE TRAILERS, BUILDERS MERCHANTING, AND THE SUPPLY OF LABORATORY EQUIPMENT.

Confidence in the future

The economic recession continued throughout the year ended 31st March 1982 and in view of this a profit bafore taxation and extraordinary items of £329,430 must ba considered fairly satisfactory. After taxation and extraordinary items the profit becomes a coricedably acceptable £1,460,313.

The main contiibution in extiaoidinary items is from the complation of the sale of surplus land io the Midlands, and the sala of the other aite, in Sheffield, referied to in my last Chairman's Statement, has been completed in the current year. This along with other raalisations, should ensure at least e similar figure under this heading for the year 1982/83.

Turnover remained constant hut axports fell sharply due to the high value of sterling and world-wide over capacity in the manufactura of refractories. The second half of the year was not only affacted by the continuing recession, hul also the unusually severa waather conditions in Decembar and January.

Your Diractors recommended a total dividend of 4.0p on both classes of Ordinary ahares for 1981/82 (2.5p for 1980/81). Tha increase ia possibla due to tha profit on sale of surplus land.

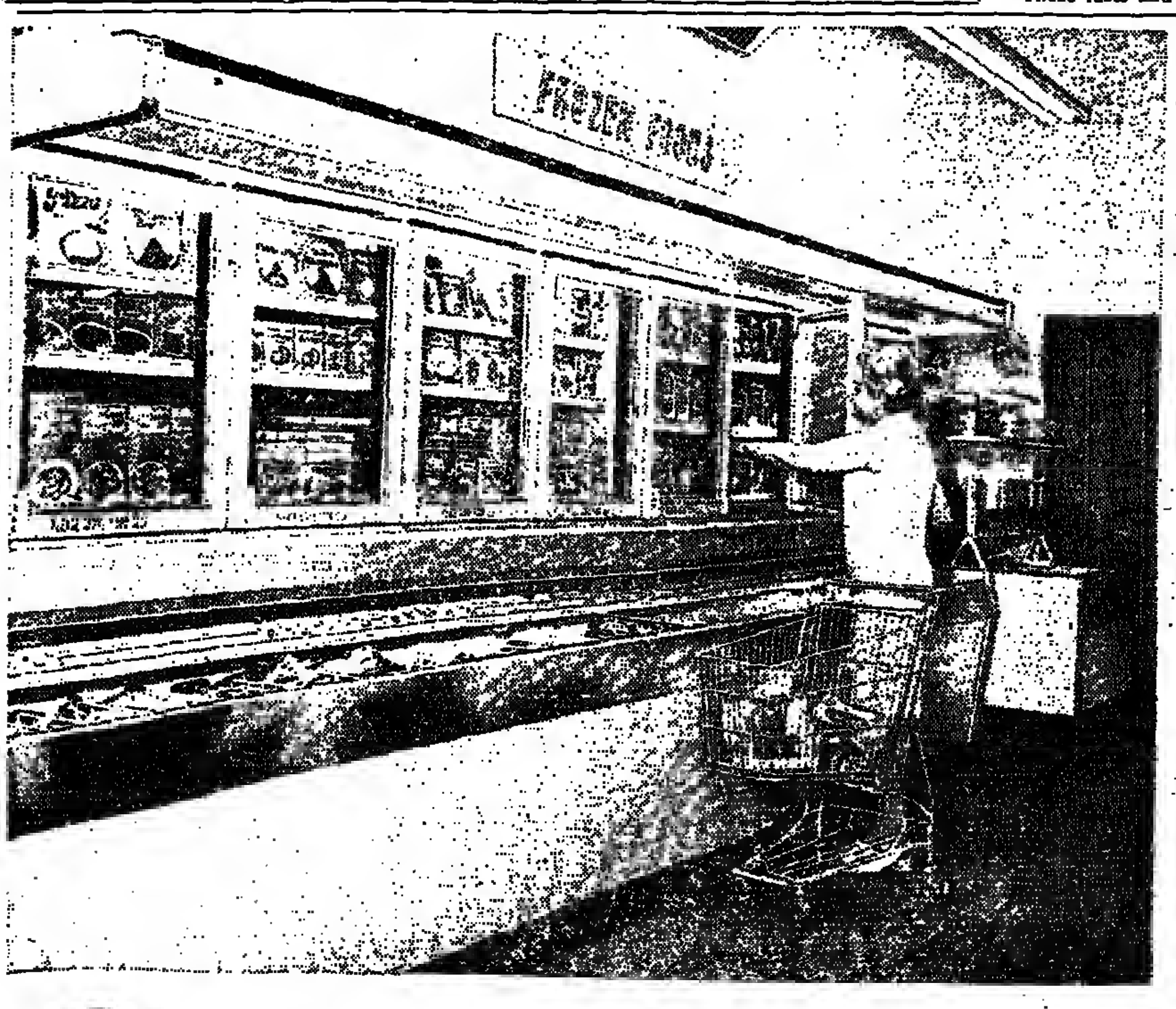
FUTURE PROSPECTS

Wa are still a conservative company and do not maka e practice of ovar optimistic forecasts, but I can assure you that with our high technology capital spending ovar the last faw yaars and tha davelopmant of our minerel resources, your Company faces the future with considerable optimism.

Our financial position is aound and we can face tha need for continuing product development, capital expenditure and diversification prospacts with confidance. Growth is the objective, profit will be the measure and security will be the result.

GERALD A. LOMAS — *Chairman*

Copies of the Report and Accounts are obtainable from the Secretary, Griffs Works, Stannington, nr. Sheffield S6 6BW.



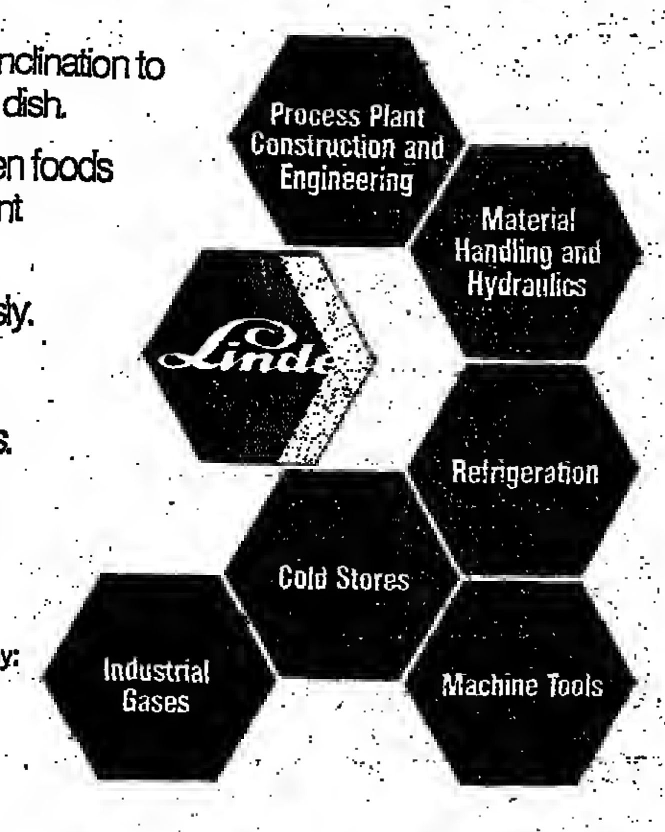
Technology in the Service of Mankind

When Miss Lane comes home late from the office she has no inclination to cook, so she opens the deep freeze and pulls out her favourite dish.

In every household in the UK about 20 kilos per person of frozen foods are consumed annually because of convenience and consistent good quality.

The variety of high quality frozen foods is increasing continuously. In food stores Linde provide the most up to date refrigeration equipment to ensure the effective display of products at the correct temperature and Linde coldrooms back up the displays.

Linde: workforce of 19,000; DM 3,125 million sales.



Linde

Linde AG, Wiesbaden (Germany), represented by:
BOC-Linde Refrigeration Ltd, Stonefield Way, Ruislip, Middlesex HA4 0JT, Tel: (01) 841 5281
Linde Hydraulics Ltd, Nuffield Way, Abingdon OX14 1RJ, Tel: (0235) 22828

UK COMPANY NEWS

Dunlop £4m in the black at midway

PRIMARILY due to vigorous cost reductions over a long period, Dunlop Holdings, tyres, engineering, industrial and consumer products group, finished the first half of 1982 in the black by £4m at the pre-tax level, compared with a previous loss of £3m.

Sales, for the period to June 30, expanded from £694m to £775m and the interim dividend is held at 2p net per 50p share—last year's final distribution was the same amount and the group ended the year at a break-even situation (£10m profits).

In the UK and other EEC countries market conditions are worsening markedly, directors state, particularly for tyres and automotive components.

The companies operating outside the EEC are increasingly experiencing the effect of the recession, but their current trading in most cases is reasonably satisfactory.

Operating profits amounted to £29m (£19m), after depreciation of £20m (£17m). Pre-tax profits included associates share of £4m (nil), but were after financial charges of £29m, against £22m—operating profits in 1981 included £3m from Dunlop Estates Berhad.

Trading conditions in the UK remained difficult, but the UK tyre business, aided by further improvements in cost and increased turnover, reduced its loss significantly compared to the first half of 1981, directors explain.

Industrial and sports groups increased profits over the depressed levels of 1981 and the consumer businesses reduced their losses.

Recessionary conditions continued in the other EEC countries and the French company incurred a loss while the German company earned a small profit.

In Africa the Nigerian company, in difficult conditions, suffered a loss, but in total the companies in that continent maintained their profits. Companies in the U.S. and the Far East increased their profits while some improvement in profit was reported from Japan by Sumitomo Rubber Industries. And the profit of Dunlop India showed a satisfactory increase, directors state.

Changes in the group structure have resulted in the inclusion in 1982 of the sales of Dunlop SA France, now a subsidiary, exclusion of sales of Dunlop India, now an associate, and of Dunlop Estates Berhad which have been sold.

After eliminating these changes, the value of sales was 9 per cent higher than the first half 1981, the directors point out.

Additional borrowings have been limited by tight control of capital expenditure and working capital. Although financing charges increased by £7m, some £3m of this arose from changes in the status of the French and Indian companies.

After tax of £17m (£12m) loss per share is given at 13.2p compared with 15.4p. On a current cost basis the pre-tax figure is turned into a loss of £8m (£19m).

See Lex

Maynards falls to £1.8m but pays more

SECOND-HALF taxable profits of Maynards, confectionery group, fell from £434,000 to £443,000 leaving full year figures to June 30 1982 lower at £1.8m, as against £2.01m previously. Sales for the year rose from £57.36m to £67.53m, but 10 per cent of the increase was attributed to higher tobacco duty on which no profit was earned.

Pre-tax profits included higher exceptional credits of £764,000, compared with £266,000, which comprised £802,000 (£279,000) from property sales less reorganisation and redundancy costs.

Approximately £600,000 of the property sale proceeds was not received until after the year-end. The realisations included the sale and leaseback of specially valuable shop in Harrogate.

Mr H. P. Salmon, the chairman, says that for the outlook, the company has to bear in mind current trading conditions which will be very tough until there is some upturn in the economy.

To restore group trading results to their previous level in the face of such conditions, will mean further rationalisation of marketing and of its distribution network on the retail side, and a continuing flow of new, attractive products coupled with increased operating efficiency at its factories. "We are convinced we can do this, although it will take time," says Mr Salmon.

Against the background of lower trading and overall results, the final dividend is being raised from 6.25p to 6.625p to bring the total 4 per cent higher at 9.75p, against 9.375p. The chairman says the board believes the payment can be afforded bearing in mind the profit on property transactions and its hopes for trading recovery in the medium-term.

Slight improvement at John Menzies

A SLIGHT improvement in pre-tax profits has been shown by John Menzies from £1.13m to £1.35m for the 26 weeks to July 31 1982. Turnover of this wholesale and retail newsagent, bookseller and stationer moved ahead sharply by £29.16m to £179.83m.

The outlook for the rest of the year depends on the buoyancy of Christmas trading and the continuity of supply from publishing houses, say the directors. Should both these factors produce reasonable performances a useful increase for the year is expected.

The recent acquisitions of Lonsdale Universal and Collier Macmillan Distribution Services have made no significant impact on pre-tax profits for the period, they say. The goodwill arising will be written off in full year results.

The net interim dividend has been lifted from 1.45p to 1.6p. In the last full year a total of 4.5p was paid from pre-tax profits of £9.43m. Earnings per share for the half year are shown as rising from 3p to 3.5p.

Net interest charges took £905,000 (£364,000). Tax was little changed at £152,000 (£159,000) and minorities were reduced from £33,000 to £23,000.

• comment

As usual, John Menzies has shown a reasonable interim rise in pre-tax profits. Though this is useful for giving some idea of its rate of growth, first-half profits in the company tend to make up only about one-tenth of the full-year figure—what is important is how sales go at Christmas. On that score, last year was slightly disappointing, largely because of the terrible weather, so this year's volume is expected to be better. Interest charges were higher in the first half for three reasons: there has been some capital spending on the development of the retail chain; weather problems in distribution left stocks being left over from last Christmas; and, of course, the company has recently bought two subsidiaries—Lonsdale Universal and Collier Macmillan. These have not yet contributed significantly to profits, but should make more of an impact by next year. The wholesale newspaper side has done better than retail, with bingo, the Falklands and the World Cup giving a boost to sales. The company expects to make £9½m-£10m pre-tax this year and intends to raise its final dividend. A price of 290p yields a low 2.5 per cent assuming a similar rise in the final payout.

Wm. Morrison up at £3.66m

PRE-TAX profits of the Sheffield-based William Morrison Supermarkets group moved ahead to £3.66m for the 26 weeks to July 31, 1982, an improvement of £267,000 on the comparable period last year.

Sales rose from £93.47m to £107m, an increase of 14.5 per cent, which the directors say represents a rise of some 5.5 per cent in volume terms. They add although most of the sales improvement was generated by new stores, the group managed to hold its market share in its existing stores, despite increased competition.

Trading margins were reduced from 4.3 per cent to 4.1 per cent. This was principally due to store openings costs incurred during the half year.

Trading profits for the 26 weeks were higher at £4.35m, compared with £3.99m. Depreciation was much the same at £947,000 (£922,000), rents receivable edged ahead from £188,000 to £196,000 and interest receivable dropped by £58,000 to £60,000.

Stated earnings per 10p share emerged lower at 4.07p (4.26p) after an increased tax charge of £1.78m (£1.41m). The net interim dividend however is being raised to 0.45p (0.4p)—last year a total of 1.4p was paid.

• comment

Morrison's figures fit neatly into the pattern that market had sketched out earlier in the year for the retailer's future. After a very sluggish start sales picked up towards the end of the period though virtually all the volume growth comes from new stores. Opening costs have trimmed £200,000 or so off the profits line but even so margins, in common with the industry as a whole, are showing some strain. Morrison did not help its cause by over-estimating demand for "beat the Budget" buying on the Chancellor's favourite targets for duty increases. And that left it unloading stock at pre-budget prices during post-budget trading—not such a good move for margins and a more expensive exercise in stock funding than Morrison had anticipated when it filled up its shelves. So far in the second half sales are up by 14 per cent end despite stiff competition Morrison should reach £8.3m pre-tax this year. That points to a fully taxed p/e of 18 at 156p underlying how highly regarded the company is by the City.

Thos. Marshall £0.24m in the red at halfway

Although depreciation fell from £147,000 to £135,000, and interest charges were lower at £180,000 compared with £204,000, Thomas Marshall (Loxley) incurred pre-tax losses in the first half of 1982.

The losses were £240,000 against profits of £270,000, and sales were also down at £7.9m (£8.66m). Thomas Marshall manufactures fireclay refractories.

The directors say that over £100,000 of the company's losses can be attributed to an exceptional loss on an overseas contract arising from undetected contamination in a bought-out material. However, most of the loss is due, not only to a combination of increased overseas competition and decreased overseas demand, but also to a further reduction in the level of UK activity.

They say that further structural changes in the UK iron, steel, foundry and aluminium industries seem inevitable. Until the long-term picture of these industries is cleared, they are not in a position to decide on the extent of necessary further rationalisation, particularly at the Sheffield works.

They expect results for the second half to show some improvement and main efforts are devoted to ensuring a return to previous levels of profitability during 1983.

The interim dividend is unchanged at 1.2p—last year's total was 2.8p net from pre-tax profits of £564,000 (£848,000). There was a first half tax credit this time of £125,000 (£50,000 charge). Extraordinary debits took £33,000 (£17,000), and the loss per 25p share was given as 2.07p (3.58p earnings).

Biddle over £1m mark at six months

An increase from £962,000 to £1.05m in pre-tax profits is reported by Biddle Holdings for the first half of 1982. Turnover of this holding company with interests in manufacture and installation of heating, air conditioning and lifts, rose from £9.16m to £9.78m.

The interim dividend is maintained at 2.4p net per 25p share—last year's total was 9p from pre-tax profits of £1.51m. Dividends absorb £96,000 (£71,129), less waivers of £24,871 received from members of the Biddle family.

Mr F. D. Biddle, the chairman, says there is still no indication of a prolonged improvement in demand for the company's products. Its continental group of companies has had a more satisfactory half-year than anticipated, but they still expect the second half to be difficult.

Mumford, Preston & Belley has broken even, and Bennie Lifts has made a major contribution to overall profitability.

He says despite the excellent first half results, trading conditions are difficult and this will have some effect on the results for the second half.

The first half pre-tax figure includes net interest receivable of £166,000 (£88,000). Tax took £482,000 (£405,000). Attributable profits were down from £556,000 to £549,000, and there was a slight fall in earnings per share at 13.7p (13.9p).

Haden produces interim expansion to £3.05m

GROUP PRE-TAX profits at Haden expanded from £2.55m to £3.05m for the six months to June 30 1982. Turnover of this building services and metal finishing engineering group showed a marked rise from £112.1m to £129.1m.

The net interim dividend has been lifted from 2p to 2.25p. In the past full year a total of 7.5p from pre-tax profits of £7.68m on turnover of £263.58m.

"These results," says Mr Peter Simonis, chairman, "have been supported by satisfactory experience on certain major contracts, but should not be taken as a guide to the full year figures, though these are expected to show an increase over last year."

In the UK, building industrial and process engineering activities made good performance despite depressed market conditions, according to Mr Simonis. Steady progress has been maintained by operations in Australia, Hong Kong and the Middle East. Industrial finishing companies in the U.S., Spain, Belgium and South Africa all produced good results.

Tax for the six months took £1.29m (£1.09m). After minority debits of £7,000 (credits £13,000) and preference dividends of £5,000 (same) the attributable balance emerged higher at £1.75m against £1.47m.

Park Place rises to £1m mark

SECOND HALF pre-tax profits of Park Place Investments moved ahead from £435,000 to £600,000 and lifted the full year's figure to a record £1.04m to June 30 1982, compared with a previous £782,000.

And the dividend is stepped up to 5p net per 10p share, against 3.6p, with a final payment of 3.25p.

The directors say that further progress should be made during the current year.

Turnover for 1981-82 expanded from £4.93m to £6.22m and the pre-tax figure was after interest charges of £350,000, against £335,000. After tax, £293,000 (£106,000) earnings per share are shown as 11p (9.7p).

Financial training again increased its contribution to profits, the directors say, with the majority coming from the group's provincial offices where there were increases in volume, and "real growth" was achieved in revenue.

As expected, the publishing division performed "exceptionally well" as a result partly of much higher export sales and partly because of groundwork in earlier years in developing new products, the directors explain.

The finance division was expanded during the year and the existence of the new management team together with the acquisition of Brighton House Leasing last March, have significantly aided progress, they state.

The group's balance sheet is strong and liquid, the directors add.

After the tax charge, and dividends of £338,000 (£244,000), the amount retained came through little changed at £409,000, against £412,000.

Rock Darham cuts losses to £71,229

ON REDUCED turnover of £494,577 compared with £560,591, motor parts dealer, Rock Darham returned reduced pre-tax losses of £71,229, against £205,531.

While saying that it is too early to predict the outcome for the second half of the year, Mr Robert Clarke, chairman, says that a return to profits in this period is "a possibility," although at a very modest level.

After a tax credit last time of £58,320 attributable losses were cut from £147,211 to £71,229 which were shown as losses per 10p share of 0.59p (2.12p). There is again no interim dividend. The last payment was 0.7325p net for the nine months to end-December 1979.

Interest charges and bad debts hit W. W. Group

HIGH INTEREST charges and the increasing incidence of bad debts, due to business failures, have had a significant effect on first-half results of WW Group, the Yorkshire-based textile distributor formerly known as Wilkinson Warburton.

For the period to June 30, pre-tax profits have tumbled from £321,913 to £121,948, on sales of £10.88m, against £10.45m. The company says every effort will be made to produce the best possible result for the full year, but profits will not equal the previous year's £815,000.

Autumn is traditionally the company's best half and current sales show an increase on last year.

Mid-year earnings per 25p share declined from 9.09p to 4.52p, but the interim dividend is maintained at 1.94p net — last year's total payment was 6.6p.

At the trading level, profits have fallen from £630,043 to £559,762. Interest payable increased from £211,339 to £331,970 and depreciation took £105,844, against £96,791.

Tax charge has decreased from £98,000 to £8,700. Preference dividends absorb £3,742 (same) and the ordinary payments cost £41,095 (£44,009) after waivers of £5,902 (£2,958).

In current cost terms, first-half taxable profits were £58,000 (£224,000).

Trafford Park just ahead at year end

Although second half pre-tax profits of Trafford Park Estates, industrial and commercial property developer, were down slightly at £1.05m, against £1.11m, the full year's figure, to June 30 1982, was just ahead at £2.15m, compared with a previous £2.02m. Turnover was also similar at £5.34m, against £5.25m.

The dividend is increased to 8.25p (7.25p) net per 25p share with a final distribution of 5.25p.

After the year's tax charge, down from £872,507 to £645,297, earnings per share are shown as 13.66p (10.55p).

RESULTS AND ACCOUNTS IN BRIEF

MURRAY CALEDONIAN INVESTMENT TRUST—Results for year ended June 30 1982 already known. Investments £85.65m (£87.28m); net current liability £9.8m (£5.18m); debenture and loans £2.21m (£2.39m); shareholders' funds £82.64m (£88.98m); increase in net liquid funds £1.58m (£283,000). Meeting, Glasgow, October 11, 11.00 am.

GRESHAM INVESTMENT TRUST.—Results for year ended March 31 1982 reported August 27. Shareholders' funds £11.54m (£10.52m): investments £7.38m (£7.83m): bank balances, cash and short-term deposits £7.45m (£5.45m): increase in net liquid funds £1.98m (£3.99m). Meeting, Barrington House, Gresham Street, EC. October 14, noon.

ATLANTIC ASSETS TRUST—Results for year to June 30 1982 reported July 23. Investments £61.17m (£70.07m). Net current liabilities £63,000 (£333,000). Total assets £85.74m (£100.94m). Shareholders' funds £83.94m (£97.05m). Total decrease in liquidity £5.6m (£2.92m increase). Meeting, Edinburgh, October 21, 12.30 pm.

SECOND ALLIANCE TRUST—Results for year to July 31 1982 reported September 6. Investments £68.9m (£70.06m). Current assets £3.75m (£1.98m). Current liabilities £2m (£1.64m). Ordinary shareholders' funds £64.47m (£67.04m). Total increase in liquidity £1.44m (£1.74m). Meeting, Dundee, October 8, 11.30 am.

FISHERMANS PETROLEUM—Pre-tax profit for six month to June 30 1982, £1,098. Tax £460. Although company's financial resources are adequate to meet anticipated expenditure for the remainder of the year, directors are not recommending dividend for period.

ELLIS AND EVERARD (chemicals merchant and processor)—Results for year to April 30 1981 reported July 27. Shareholders' funds £7.3m (£6.8m): fixed assets £4.19m (£4.17m); net current assets £4.2m (£3.66m); increase in working capital £488,000 (£665,000) including decrease in net liquid funds £593,000 (£30,000 increase). Meeting: Leicester, October 6, noon.

Rowntree Mackintosh

Interim Report for the 24 weeks to 19 June 1982

	Interim Results 1982 £M	Interim Results 1981 £M	Full Year 1981 £M
Turnover	**303.9**	280.6	688.0
Trading profit	**15.2**	13.3	48.0
Interest	**1.5**	4.6	9.3
Share of associated companies' profits	—	—	1.2
Profit before taxation	**13.7**	8.7	39.9
Taxation	**4.3**	2.5	12.9
Profit after taxation	**9.4**	6.2	27.0
Minority interests	—	—	0.2
Profit attributable to Rowntree Mackintosh plc before extraordinary items	**9.4**	6.2	27.2
Earnings per Ordinary Share	**6.9p**	5.2p	21.4p

Notes

1. The board has declared an interim dividend of 2.9p per share (1981 2.7p per share), absorbing £4.0m payable on 4 January 1983 to ordinary shareholders registered on 3 December 1982.
2. Early in the year the group disposed of its holding in Huntley & Palmer Foods PLC which will not be treated as an associated company in 1982. The profit on disposal of the shares amounting to approximately £2m is not included above and will be treated as an extraordinary item in the annual accounts.
3. Sales and profits of overseas subsidiary companies have been translated into sterling at the respective half year and year end exchange rates. The adjustment of overseas net assets into sterling will be dealt with as an extraordinary item in the annual account. Based on exchange rates ruling at 19 June 1982 the adjustment would result in a debit of £1.9m.
4. The interim results are unaudited. The accounts for the year 1981 set out above are abridged. Full 1981 accounts, incorporating an unqualified auditors' report, have been delivered to the Registrar of Companies.

Chairman's Statement

The improvement in profits reported in the 1981 Accounts has continued into 1982. For the first half of 1982 trading profits were up 14% to £15.2 million and pre tax profits were £5 million higher at £13.7 million, benefiting from a substantially lower interest charge attributable to effective control of working capital and the £42 million rights issue proceeds received in May 1981. Trading margins improved slightly.

Group sales increased by 8% to £304 million reflecting a gain in volume of nearly 5%. Prices increased only modestly. The U.K., South Africa and France all contributed importantly to the growth in sales volume; exports to third parties substantially exceeded 1981 and were above the record levels of 1980. These results were achieved in depressed and highly competitive trading conditions.

The acquisition of RPC, the crisp and snack food business, was announced in June and its second half profits will be incorporated in the Group's full year results. Progress to date has been up to our best expectations.

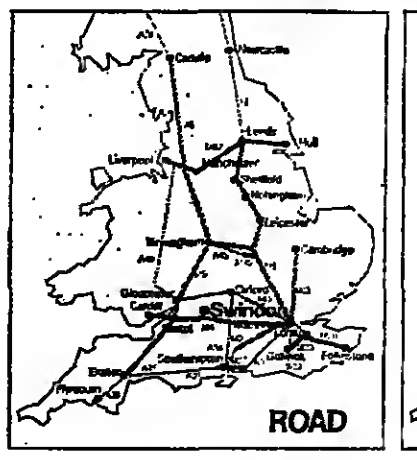
Throughout the Group pressure for cost reductions is being maintained and we are continuing to invest heavily to increase the efficiency of our production units. These efforts, combined with our traditional commitment to brand building, are essential for continued growth.

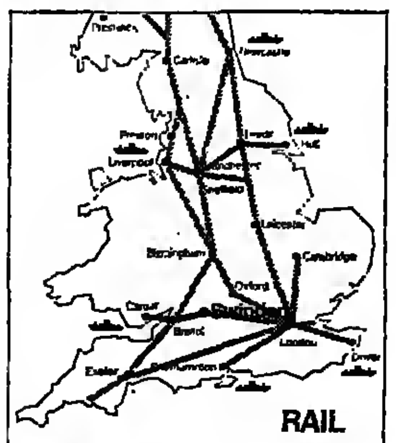
It is always difficult at this stage of the year to predict the outcome of the important next few months, particularly so with present day economic uncertainties. Sales gains comparable with those in the first half are unlikely, but we confidently expect the full year's results will be satisfactory to shareholders.

Kenneth Dixon, *Chairman*

KIT KAT · QUALITY STREET · SMARTIES · POLO · BLACK MAGIC · GOOD NEWS · FOX'S GLACIER MINTS
ROWNTREE'S PASTILLES · AFTER EIGHT · WEEK-END · AERO · ROLO · DAIRY BOX · TOFFO · MATCHMAKERS
JELLYTOTS · WALNUT WHIPS · LION BAR · CABANA · YORKIE · BLUE RIBAND · BREAKAWAY · MONTEGO
CREAMOLA · PAN YAN PICKLES · TABLE JELLIES · SUN-PAT PEANUT BUTTER · CHEDDAR SPREAD

"I invite you to see for yourself why Renault decided on our Industrial Park."





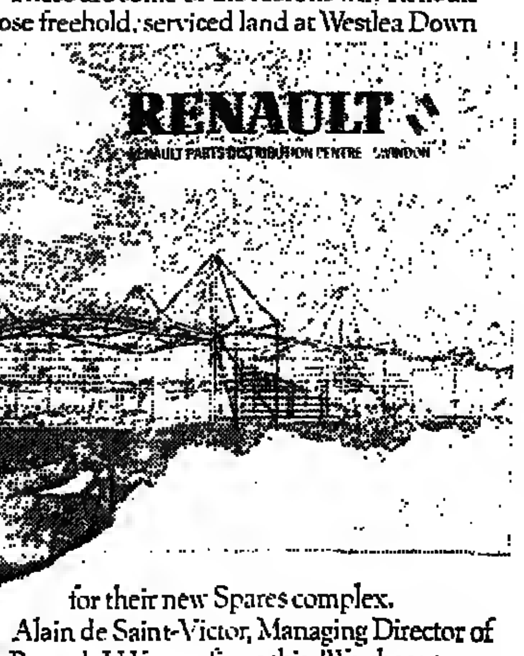
My colleagues and I would very much like to take you on a personally conducted tour of Westlea Down, just two miles from the centre of Swindon.

In a little over half a day you could discover for yourself all that this self-contained community designed for living and working has to offer:

- Large labour force of widely varying skills.
- Good choice of new housing, from Studio Flats to Luxury Homes.
- Excellent communications by road, rail and air.
- Attractive amenities—fully operational 200,000 sq. ft. super store, ancillary shopping, extensive free car parking, special cycle-track network, even a popular new pub!—and much more besides....

These are some of the reasons why Renault chose freehold, serviced land at Westlea Down

Tony Bradley, Chairman & Managing Director, Bradley Planning Services Ltd.



for their new Spares complex.

Alain de Saint-Victor, Managing Director of Renault U.K., confirms this: 'We chose to build our new Parts Distribution Centre at Westlea Down because it has so many facilities within easy reach.'

During your visit I hope you may be able to stay for lunch, at which we can tell you more of what we believe, as private developers, is our unique and flexible approach to this exciting industrial project.

Westlea Down is a rare opportunity for those seeking a new industrial location, and response to this invitation is likely to be immediate.

So, if you would like to meet me and my colleagues and see for yourself, please get in touch without delay—Bradley Planning Services Ltd can show you everything 'on the ground'.

Joint Agents

Farrant & Wightman — Elagrove House 2-3 Newport Street Old Town Swindon SN1 3DZ Telephone (0793) 33301

Hillier Parker May & Rowden — 77 Grosvenor Street London W1A 2BT Telephone 01-629 7666 and City of London, Edinburgh, Paris, Amsterdam, Australia.

westlea down

E. H. Bradley Planning Services Ltd.
Okus, Swindon, Wiltshire SN1 4JJ. Telephone: Swindon (0793) 29137

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

MID-SUSSEX WATER COMPANY

(Incorporated in 1898 by Act of Parliament)

Authorized Share and Loan Capital £30,000,000

PLACING OF £1,500,000

12½ per cent REDEEMABLE DEBENTURE STOCK, 1987/89

at £100 per cent

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List.

The Stock will rank for interest pari passu with the existing Debenture Stocks of the Company.

Particulars of the Stock have been circulated by Extel Statistical Services Ltd. and copies may be obtained during usual business hours up to and including 8th October, 1982 from:—

DENNIS MURPHY, CAMPBELL & COMPANY

78 Queen Victoria Street, London EC4N 4SU

Harrison Cowley ahead at half-year.

HARRISON COWLEY (HOLDINGS) PLC AND SUBSIDIARY COMPANIES-UNAUDITED INTERIM REPORT FOR THE HALF-YEAR TO 30TH JUNE 1982

	Half Year to 30.6.82 £000's	Half Year to 30.6.81 £000's	Year to 31.12.81 £000's
Turnover	8,675	9,055	18,011
Net Profit Before Taxation	281	270	520
Taxation	153	156	276
Profit After Taxation	128	114	244
Extraordinary Charges	-	-	18
Attributable Profit	£128	£114	£226

Interim Dividend on Ordinary Shares payable 17th November, 1982: 1.5p per share (1981 - 1.4p).
Cost of Dividend Payment: £75,000 (1981 - £70,000).
Earnings per Share: 2.56p (1981 - 2.28p).

CHAIRMAN'S COMMENTS

The results for the half-year show a small improvement. Accordingly, and having regard to a healthy balance sheet and a strong cash position, the interim dividend has been increased to 1.5p per share.

Trading conditions throughout the regions where Harrison Cowley operates remain adverse. Many clients, particularly those in the industrial sector, have therefore been obliged to cut advertising expenditure as part of overall cost savings. Consequently, 1982 still looks like being a difficult year.

Nonetheless, the drive for new business continues and a number of new accounts have been gained recently including BOCM, Scottish Airports Authority and GKN Chep.

COMPANY NOTICES

GOLD FIELDS GROUP

NOTICE RE CLOSING OF REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the REGISTERS OF MEMBERS of the undermentioned Companies will be CLOSED for the purpose of the Annual General Meetings as follows:

Name of Company	Register of Members closed (both days inclusive)
(Each incorporated in the Republic of South Africa)	
New Witwatersrand Gold Exploration Company, Limited	4 October to 11 October 1982
Gold Fields Property Company Limited	5 October to 12 October 1982
Gold Fields of South Africa Limited	12 October to 19 October 1982

By order of the boards
C. E. WENNER
London Secretary

London Office:
49 Moorgate
London EC2R 6BQ
23 September 1982

NOTICE OF PURCHASE
EUROPEAN INVESTMENT BANK

8.25% DOLLAR NOTES OF 1976, DUE SEPTEMBER 1, 1983 AND 8.75% DOLLAR BONDS OF 1976, DUE SEPTEMBER 1, 1988

NOTICE IS HEREBY GIVEN to bondholders that Union Bank of Switzerland (Securities) Limited, London, as Purchase Agent for account of such Bank, has purchased during the twelve-month period ended August 31, 1982:

US$ 1,500,000 of our 8.25% Dollar Notes due 1983 and

US$ 1,750,000 of our 8.75% Dollar Bonds due 1988.

The principal amount of Notes and Bonds remaining in circulation on September 1, 1982 was respectively:
US$ 66,846,500
US$ 39,500,000.

EUROPEAN INVESTMENT BANK
Luxembourg,
September 24, 1982.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ISSUED BY YAMAICHI SECURITIES CO., LTD.

NOTICE IS HEREBY GIVEN that at a meeting of the Board of Directors of Yamaichi Securities Co., Ltd. held on September 14, 1982, it was resolved that a free distribution of shares be made to shareholders of record on September 30, 1982 in the ratio of 0.05 share for each 1 common share (or 1 new share for each 20 old shares) to shareholders of record as of September 30, 1982. ... shares will be traded on the Tokyo Stock Exchange ... the record date ... Coupon No. 4 ... to be used for the purpose of claiming these rights and a further notice will be published as soon as possible giving the date of distribution of the new shares.

CITIBANK, N.A. London Depositary
24 September, 1982

FRAB—BANK INTERNATIONAL
U.S.$25,000,000
Floating Rate Notes 1978-1985

According to the terms and conditions of the above mentioned notes the interest rate applicable for the interest period of six months beginning September 23, 1982 and ending March 23, 1983, has been fixed at 13¾% per annum.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Trustee

URUGUAY 5 PER CENT CONVERSION GOLD LOAN 1905 and URUGUAY 5 PER CENT PUBLIC WORKS LOAN 1909

Williams & Glyn's Bank plc hereby give notice that they have received instructions from the Banque de Paris et des Pays Bas S.A., Paris to pay to the extent of the funds which may be provided for the purpose coupons of the above loans due 1st October, 1982 in sterling at the rate of £0.175 per unit coupon. This represents interest at 3½% in accordance with the terms of the offer of the Uruguayan Government dated 3rd January 1939.

EUROPEAN INVESTMENT BANK
9¼% Bonds of 1973, due 1988
European Composite Units
30,000,000

Notice is hereby given that the amount to become due against Coupon No. 9 dated September 27, 1982 from the above bonds is DM 205.865 per coupon, or, in the case of coupons in respect of which a valid selection of the Italian Lira has been made, Italian Lira 114,902 per coupon.

Furthermore a nominal amount of Eurco 1,000,000 was purchased for the account of the EIB during the period September 27, 1981 to September 26, 1982. The amount outstanding on September 27, 1982 is Eurco 27,819,000.

EUROPEAN INVESTMENT BANK

TDK ELECTRONICS CO., LTD. (CDRs)

The undersigned announces that the Semi Annual Report per May 31st, 1982 of TDK Electronics Co., Ltd. will be available in Amsterdam at: Pierson, Heldring & Pierson NV, Algemene Bank Nederland NV, Amsterdam-Rotterdam Bank NV, Bank Mees & Hope NV, and Kas-Associatie NV.

AMSTERDAM DEPOSITARY COMPANY NV
Amsterdam
16th September 1982

NACIONAL FINANCIERA, S.A.

U.S.$125,000,000 FLOATING RATE NOTES DUE 1988 EXTENDIBLE AT THE NOTEHOLDER'S OPTION TO 1991

NOTICE IS HEREBY GIVEN that the rate of interest for the period from 27th September, 1982 to 28th March, 1983 has been fixed at 12¼ per cent per annum. ... U.S.$10,000 nominal amount of the Notes ... interest coupon No. 4.

SWISS BANK CORPORATION
Agent Bank

C. ITOH & Co. LIMITED

TO THE HOLDERS OF BEARER DEPOSITARY RECEIPTS

NOTICE IS HEREBY GIVEN that the Board of Directors have with great reluctance decided not to pay an interim dividend for the first half of the fiscal year ending on 31st March, 1983 to shareholders of record as of 30th September, 1982.

ANNOUNCEMENT

Benfield, Lovick and Rees

Mr Matthew Harding has joined the Boards of Benfield Lovick and Rees (Holdings) Limited and Benfield, Lovick and Rees and Company Limited.

Mr David Stratton has joined the Board of Benfield Lovick and Rees and Company Limited.

CONTRACTS AND TENDERS

TENDERS are being invited for the rights of operating commercial advertising display at railway stations of Kowloon-Canton Railway, Hong Kong for a period of eight years from 1.1.83. Further particulars may be obtained from the General Office of the Traffic Division, Kowloon-Canton Railway, Kowloon Hung Hom, Hong Kong.

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For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

All advertising is subject to the publisher's current terms and conditions, copies of which are available on request.

Companies and Markets

UK COMPANY NEWS

Increase in Macairns interim deficit

Sales of cars and commercial vehicles continued to be depressed in the first six months trading say the directors of McCairns (PMPA). Dublin-based motor vehicle distributor, when reporting increased pre-tax losses from I£315,000 to I£535,000 for the first half of 1982. Turnover was reduced from £4.11m to £3.1m.

Since the end of July the directors say the subsidiary in Galway has been closed and there has been a further reduction of 20 people at headquarters. The effect of these and other measures, coupled with an anticipated increase in commercial sales, should result in an improvement in the second six months.

At the trading level losses rose from £246,000 to £495,000. Interest payable was ahead from £69,000 to £100,000. There was again no charge for taxation.

McCairns is a subsidiary of PMPA Insurance Co.

Supra moves ahead to £281,000

For the half year to May 31 1982 pre-tax profits at Supra Group moved ahead from £272,000 to £281,000 on turnover up from £4.52m to £5.01m. The company makes motor components, noise control products and paints.

While turnover continues to progress since the end of May the directors say that indications since then show that excess capacity in the motor industry is causing an erosion of margins. Accordingly they cannot, at this stage, forecast the likely outcome for the year.

The net interim dividend has been effectively raised from an adjusted 0.6818p to 0.75p. Last year's adjusted total was 1.8182p from pre-tax profits of £657,727 on turnover of £9.68m.

Earnings per 10p share for the six months were shown to have risen from an adjusted 1.43p to 1.58p.

Tax took £62,000 (£74,000). There was an extraordinary credit last time of £32,000, which left attributable earnings lower at £218,982 (£229,409).

Dowding & Mills expansion

As expected, taxable profits of Dowding and Mills, electrical and mechanical engineer, advanced during the year ended June 30 1982 finishing at £1.64m, against a previous £1.33m. Turnover rose slightly from £16.23m to £16.76m.

At midway pre-tax profits had moved ahead to £792,474 (£652,332) and the directors said they expected the full year's profit to be ahead of the previous 12 months.

After tax of £624,000, compared with £639,000, earnings per share are shown as 3.37p (2.29p) and the dividend is stepped up from 1.65p to 1.87p with a final distribution of 1.09p.

Decrease at Clarke Nickolls

Total income of property investment and development concern, Clarke, Nickolls & Coombs, fell from £327,000 to £271,000 for the first half of 1982, while pretax profits were down from £240,000 to £133,000.

After tax of £29,000 (£13,000) earnings per 25p share dropped from 4.44p to 2.04p. The interim dividend, however, is unchanged at 1.75p net—last year's total was 4.5p on taxable profits of £1.18m (£0.84m).

Net rents and fees in the half year were slightly lower at £289,000, as against £295,000. Expenses took £88,000 (£87,000) and this time there were associates' losses of £22,000 and a joint ventures debit adjustment of £28,000.

Losses rise to £51,380 at Arthur Wood

Increased pre-tax losses have been shown by Arthur Wood and Son (Longport) amounting to £51,380 in the first half of 1982. In the corresponding period of 1981, there were pre-tax losses of £34,300. The losses include unstated investment income.

Sales of this Stoke-on-Trent earthenware manufacturer were down from £1.31m to £1.14m. No tax was again payable.

In spite of a rather gloomy forecast, the directors say that the volume of orders on the group's books is more than at the corresponding time last year, and they are hoping to substantially reduce the loss that the company is showing during the present six months.

At the year-end, pre-tax losses were £22,510 against profits of £149,221. No dividends were paid last year.

£1m downturn at Robt. McBride

A fall from £3.32m to £2.2m in pre-tax profits is reported by Robert McBride (Middleton) for the first half of 1982. Turnover of this manufacturer of domestic bleaches, detergents and toiletries, was little changed at £10.77m compared with £10.66m.

No tax was again payable.

Attributable profits on a CCA basis were £1.99m against £3.11m.

Robert McBride is a subsidiary of British Petroleum.

BIDS AND DEALS

Dublin Gas row threatens supply

THE IRISH government is ready to use its good offices to secure a settlement between the board of the Dublin Gas Company and dissident shareholders led by businessman Donal Kinsella.

There is a major battle for control of Dublin Gas. Shareholders have been asked to replace most of the board with a group led by Mr Kinsella.

The government is carefully preserving its neutrality in the dispute, especially as the issue is currently before the high court in Dublin, but ministers are concerned at the threat which the row imposes to the programme to supply natural gas to the one million people in the greater Dublin area.

Unofficial sources suggest the government might favour a new board with three members from the existing directors, three from Mr Kinsella's group and two government nominees. Yesterday, Mr Kinsella began his court battle to have the result of the extraordinary general meeting held earlier this month declared invalid. A late rush of stock transfers meant that one thousand transfers were not registered in time for the meeting.

However, even if Mr Kinsella should fail to win control of the company, his 40 per cent voting strength means he could block the I£70m financial package proposed for the company. This would require 75 per cent shareholder approval to go through.

It is this continued uncertainty which is worrying ministers and, to help the process of conciliation the Government has made it clear that, whatever the outcome, there can be no re-negotiation of the terms, under which the Government would supply natural gas to the company and acquire a 25 per cent stake in it.

PORTAKABIN

Portakabin has acquired Medical and Scientific Structures, a manufacturer of factory-engineered buildings for high technology research and production. The acquisition will strengthen Portakabin's business in the growing market for computer...

ATHEL REINSURANCE

Athel Reinsurance Company, a wholly owned subsidiary of Tate & Lyle, has increased its paid-up capital to £2m with effect from September 22, 1982. Prior to this, the issued capital stood at £1m.

It has always been the company's policy to augment its capital in line with the expansion of its business. This increase confirms the company's long term commitment to the reinsurance market and will assist in the development of the company as and when opportunities arise.

HOVERINGHAM DEBENTURE STOCK

Following the merger of Tarmac Roadstone and Hoveringham Group the directors say that to obtain full benefits it is necessary to fully integrate the businesses by transferring the Hoveringham business and assets to Tarmac.

They therefore propose that the 7¼ per cent first mortgage debenture stock 1985/90 of Hoveringham now outstanding (£2.73m) should be cancelled, and holders should receive 7¼ per cent mortgage debenture stock 1985/90 of Tarmac on the following basis: £1 nominal of new Tarmac stock for every £1 nominal of Hoveringham stock.

ROY BISHOP IN MAJOR DEPOT DEAL

The Smithfield-based Roy Bishop Group of meat wholesalers has announced that its major trading subsidiary, R. H. Thompson, is to take over the red meat interests of the Derbyshire meat and poultry company, Thornhill. No price was disclosed.

Four depots with a combined turnover of £13m are involved in the sale: at Sheffield, Nottingham, Birmingham and Portsmouth. At the same time as the transfer, the two Roy Bishop trading operations—R. H. Thompson and Eurostrail—will be merged.

Both Bishop Group and Thornhill view the move as a rationalisation of existing operations, enabling them to further strengthen their respective trading positions.

The enlarged Roy Bishop Group will have a combined meat turnover of £35m in the first full trading year.

S. & W. BERISFORD

S & W Berisford has formed a subsidiary to market computer products and systems. This is a major diversification for Berisford's, a leading international commodity dealer.

The new company, to be known as BIT (Berisford Information Technology) will initially operate from Berisford's UK headquarters in the City of London.

SHARE STAKES

Securities Trust of Scotland—Standard Life Assurance has acquired 500,000 ordinary shares (1.2 per cent) and holds 4.178m ordinary shares (10.4 per cent).

London and Lennox — On September 17 London and Manchester group purchased in the name of its subsidiary London and Manchester Assurance 800,000 ordinary. As a result of this transaction the group interest is 3.18m ordinary.

Technology Investment Trust —Prudential Corporation holds 1.2m ordinary (6.11 per cent).

M and G Group—As a result of a recent purchase, the Merchant Navy Officers' Pension Fund is the beneficial owner of 475,500 ordinary shares (5.19 per cent).

Spring Grove—P. G. Dellar, a director, has sold 100,000 ordinary shares reducing his total to 409,065 shares.

J. and H. B. Jackson—Executors of Mrs J. Wincott, deceased wife of L. W. Wincott, a director, have disposed of 240,210 shares.

Stead and Simpson—H. E. G. Gee, a director, has sold 20,000 "A" ordinary shares.

Fairclough (Construction) — Omar Sarl Establishment has sold 3m ordinary shares, which reduces its investment from 5.45m shares (12.41 per cent) to 1m shares (2.28 per cent).

W. Tyzack Sons Turner—R. D. Young shareholding now 112,700 ordinary (6.28 per cent).

G. B. Papers—Deltec Panamerica has acquired an additional 125,000 ordinary shares and now owns 1.046m (14.01 per cent).

Anglo American Securities Corporation — Standard Life Assurance Company is interested in 4.66m ordinary (5.17 per cent).

Racal Electronics—Sir Ernest Harrison, chairman, has sold 25,000 ordinary shares.

Oceana Consolidated—Queen Street Securities (of which D. H. S. Howard, a director of Oceana, is a director) has sold 35,000 shares reducing total holding to 77,165 (3.78 per cent).

DOME PETROLEUM LISTING SUSPENDED

The listing of Dome Petroleum shares was temporarily suspended at 3.5 pm yesterday, following a trading halt on the Toronto Stock Exchange.

Public Works Loan Board rates

Effective September 22

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	10⅝	10¾	11⅛	11⅛	11¼	11⅝
Over 5, up to 6	10¾	10⅞	11¼	11¼	11⅜	12⅛
Over 6, up to 7	10⅞	11	11⅜	11¼	11½	12⅛
Over 7, up to 8	11	11	11⅜	11⅜	11½	12¼
Over 8, up to 9	11	11⅛	11½	11½	11⅝	12¼
Over 9, up to 10	11⅛	11¼	11⅝	11⅝	11⅝	12¼
Over 10, up to 15	11⅜	11½	11⅝	12⅛	12⅜	12⅜
Over 15, up to 25	11¾	11¾	11⅝	12¼	12¼	12¼
Over 25	11¾	11¾	11¾	12¼	12¼	12¼

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$325	3	124	—	—	—	—	$456
GOLD C	$350	—	—	—	—	4	122	"
GOLD C	$375	5	75	—	—	1	100	"
GOLD C	$425	—	—	—	—	10	72	"
[illegible]								
UNIL P	F.180	8	1	90	4	—	—	"
		Nov.		Feb.		May		
BASF C	DM.120	—	—	50	5	—	—	DM118.25
VEBA C	DM.130	50	9.70	—	—	—	—	DM128.50
VW C	DM.140	17	3	—	—	—	—	DM128
VW C	DM.150	4	1.20	4	4	—	—	DM128

TOTAL VOLUME IN CONTRACTS 3,559

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

September 23 Total Contracts 1,150 Calls 826 Puts 324

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity Close
BP (c)	260	34	1	44	—	56	2	88p
[illegible]								

C=Call P=Put

BANK RETURN

	Wednesday Sept. 22 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT	£	£
Liabilities		
Capital	14,553,000	
Public Deposits	44,703,489	— 409,885
Bankers Deposits	598,333,502	— 67,015,857
Reserve and other Accounts	1,908,573,144	— 23,330,388
	2,566,171,445	— 49,089,984
Assets		
Government Securities	535,756,785	— 25,886,001
Advances & other Accounts	1,282,582,745	— 28,873,879
Premises Equipment & other Secs.	742,125,716	— 30,102,428
Notes	5,478,833	— 15,160,419
Coin	987,356	+ 11,478
	2,566,171,445	— 42,059,384
ISSUE DEPARTMENT		
Liabilities		
Notes Issued	10,820,000,000	— 50,000,000
In Circulation	10,819,391,167	— 34,945,586
In Banking Department	5,478,833	— 15,160,412
Assets		
Government Debt	11,015,100	
Other Government Securities	5,445,430,276	— 384,019,657
Other Securities	4,363,566,624	— 334,019,657
	10,820,000,000	— 50,000,000

THARSIS

THE THARSIS PUBLIC LIMITED COMPANY

INTERIM STATEMENT FOR SIX MONTHS ENDED 30TH JUNE, 1982

	6 months to 30.6.82 (Unaudited) £'000	6 months to 30.6.81 (Unaudited) £'000	Year 1981 £'000
Turnover	2,564	2,170	4,297
Profit before taxation	154	108	382
Estimated taxation	6	29	67
	148	79	315
	Tons	Tons	Tons
Pyrites Export Sales Tonnage	139,354	140,693	310,381

In the 1981 accounts shareholders were informed that because of a restructuring in the International business of the Company the reported turnover figures had been adjusted to achieve comparability. On the same basis the turnover figure for the six months ended 30th June, 1981 has been adjusted accordingly.

The sales in the first six months to Belgium, Greece and Italy of pyrites produced by Compañía Española de Minas de Tharsis, S.A. have been satisfactory. Nevertheless it is expected that the pyrites exports for 1982 will not be as high as the record tonnage for 1981 and due to the general uncertainty in the international markets the future trading conditions could become more difficult.

The Company has started to sell houses on its Corrales Estate but as expected the sales are slow due to the prevailing economic conditions. There still remains a substantial stock of houses ready for sale which require no further expenditure.

The Directors do not propose to pay an interim dividend.

FREDERIC VELGE, Chairman

7th September 1982

Why a U.S. defence stock has come to London

By John Makinson

THE TINY airport of Lancaster, Pennsylvania, has been humming with activity over the past few weeks. Flocks of dark-suited lawyers, bankers and accountants have shuttled in from New York and London on their way to a discreet, windowless building on Hempland Road, the headquarters of International Signal and Control Corporation.

The purpose of the invasion has been to prepare ISC, a privately-owned electronic systems company, for the most dramatic event in its brief history—a full listing on the London Stock Exchange. To this end, ISC is proposing to buy out the quoted minority holdings in its London subsidiary and transform itself into a British company.

The ISC proposals were announced in London yesterday. When carried through, they will create a public company with an initial market value of £86m. This is roughly half the market capitalisation of United Scientific Holdings, the high-flying British electronics company with which ISC would like to be compared.

The U.S. company was founded in 1971 by Mr James H. Guerin, a soft-spoken electronics engineer. Mr Guerin had put together funds to buy out a division of Hamilton Watch, an ailing U.S. company for which he was then working. When Hamilton decided to sell the division elsewhere, Mr Guerin persevered, using the money to set up shop with a small group of friends.

Initially, ISC's sole goal was to obtain sub-contracted work for U.S. defence projects. It was able to take advantage of U.S. contract allocation rules, which oblige main suppliers to farm out work to very small companies. Roughly one-fifth of ISC's sales still go to the U.S. Defence Department.

In the mid-1970s, however, Mr Guerin started to cast around for overseas work and established an international division in Lancaster to market the group's products. By 1979, enough business had been generated to justify the creation of a separate London-based company—ESI.

Even the company finds it hard to explain what it does. The published documents of ISC and ESI—the initials are derived from Electronic Systems International — refer darkly to such activities as "special purpose defence systems" and "various forms of communications and electronic counter measures equipment." For the most part, however, ISC's business is rather less sinister than its language suggests.

The U.S. military division works exclusively on contract work for the Defence Department. Almost all the products which it designs and manufactures incorporate the use of signals to convey defence information. Its sensors, for example, can be buried underground to detect the approach of advancing troops or artillery by sampling magnetic and seismic disturbances. Detailed information is then transmitted to a receiver.

Similarly, the company provides data transmitting sets, known in the jargon as

The nuts and bolts of the business

telemetry systems, to replace the warhead in a missile and monitor the weapon's performance. This information is simultaneously relayed back to a receiver. The company supplies equipment to test parts of the Trident missile, as well as fuses and products designed to detect and, if required, to jam enemy radio signals.

The military division is, by ISC's standards, the nuts and bolts end of the business. Profit margins on Defence Department contracts typically range from 7 to 12 per cent. In ESI, however, margins can easily run to three times that level. This is partly because ESI, in effect, borrows technology from ISC, which bears the development cost, but also because the company works exclusively on tailor-made contracts and the customer pays for the made-to-measure quality.

The word which recurs time and again in any description of the work of ESI is "system." It makes an appearance no less than 26 times on one single page of the ISC offer for sale document. It is used to distinguish ESI's operations from those of a conventional manufacturer. Instead, the company operates rather like a building contractor, designing a product according to the client's requirements, selecting components from a variety of manufacturers and undertaking the final assembly.

A typical example is the security systems division, the largest and fastest growing part of the company. A client wishing to protect a strategic but vulnerable asset, such as an airport or an oil field, commissions ESI to devise a security blanket incorporating, for example, sensor devices, acoustic equipment and close circuit television. ESI designs the package in the light of potential threats, supervises the installation and trains local personnel to operate it.

ESI also provides what it calls "technology transfer," exporting to other countries the know-how for making products ranging from tactical radios to missiles. Since this work is often of a highly sensitive nature (the Rockeye cluster bomb is one item on the salesman's list) licensing requirements are very strict. In addition, ESI supplies a wide range of defence communications equipment and provides clients with sophisticated components made by other manufacturers.

ESI is understandably coy about disclosing the destination of its sales. Many of its contracts specifically preclude such disclosure. The company does, however, admit that 80 per cent of the international division's sales were to Africa and the Middle East in the year to March 1982.

ESI's managing director, Mr John Hartley, argues that the absence of a manufacturing base is a real advantage for a relatively small company operating in a high-technology district. It allows ESI to use the latest available technology without running the risk of being outpaced in research and development work by mightier competitors. The resources of the company are therefore intangible—principally its engineering and marketing skills together with the goodwill built up among its customers.

Yet the company recognises that it obtains a greater degree of proprietary control by using in-house components in its products. Mr Guerin insists that, in the international division, the company must have control either of the product or of its relationship with the customer.

This approach has led Mr Guerin to chase a smaller number of contracts. "We're now looking at contracts with a value of $400m, as against

The advantage of not being a manufacturer

$1.5bn a while ago. But our success rate is very much higher." Ideally, Mr Guerin would like to see 35 per cent of the contract value of security systems provided by in-house products. For U.S. military sales, he believes the ideal proportion would be 50 per cent, and never less than 20 per cent.

The shift towards creating more value within the company, coupled with a rapid increase in work-in-progress and debtors, has left the company financially stretched. The combined balance sheet of ISC companies on March 31 1982, showed that shareholders' funds of $24.3m were overwhelmed by net borrowings of $28.3m. Interest charges ate up 53 per cent of operating profits last year. Mr Guerin admits that the company lost sight of financial targets in its dash for growth during the mid-1970s. "We were killed by high interest rates," he says.

The company has already tried to rectify the position through the sale of an interest in ISC to a private investor for $5m and through the sale of a 49.8 per cent interest in ESI. These operations were not wholly successful. Mr Guerin subsequently bought out the private investor and the ESI sale was fraught with difficulties.

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U.S. $50,000,000

Banco de la Nación Argentina

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Credit Suisse First Boston Limited
Agent Bank

NATIONAL BANK OF CANADA

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Agent Bank

CHEMICAL BANK INTERNATIONAL LIMITED

Norges Kommunalbank
US $ 60,000,000 8¼% Bonds 1976 (80-91)

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NORGES KOMMUNALBANK

Oslo, September 1982

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* 7-day deposits 7.25%, 1-month 7.50%. Short-term £8,000 12-months 9.85%.
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21-day deposits over £1,000 8½%.
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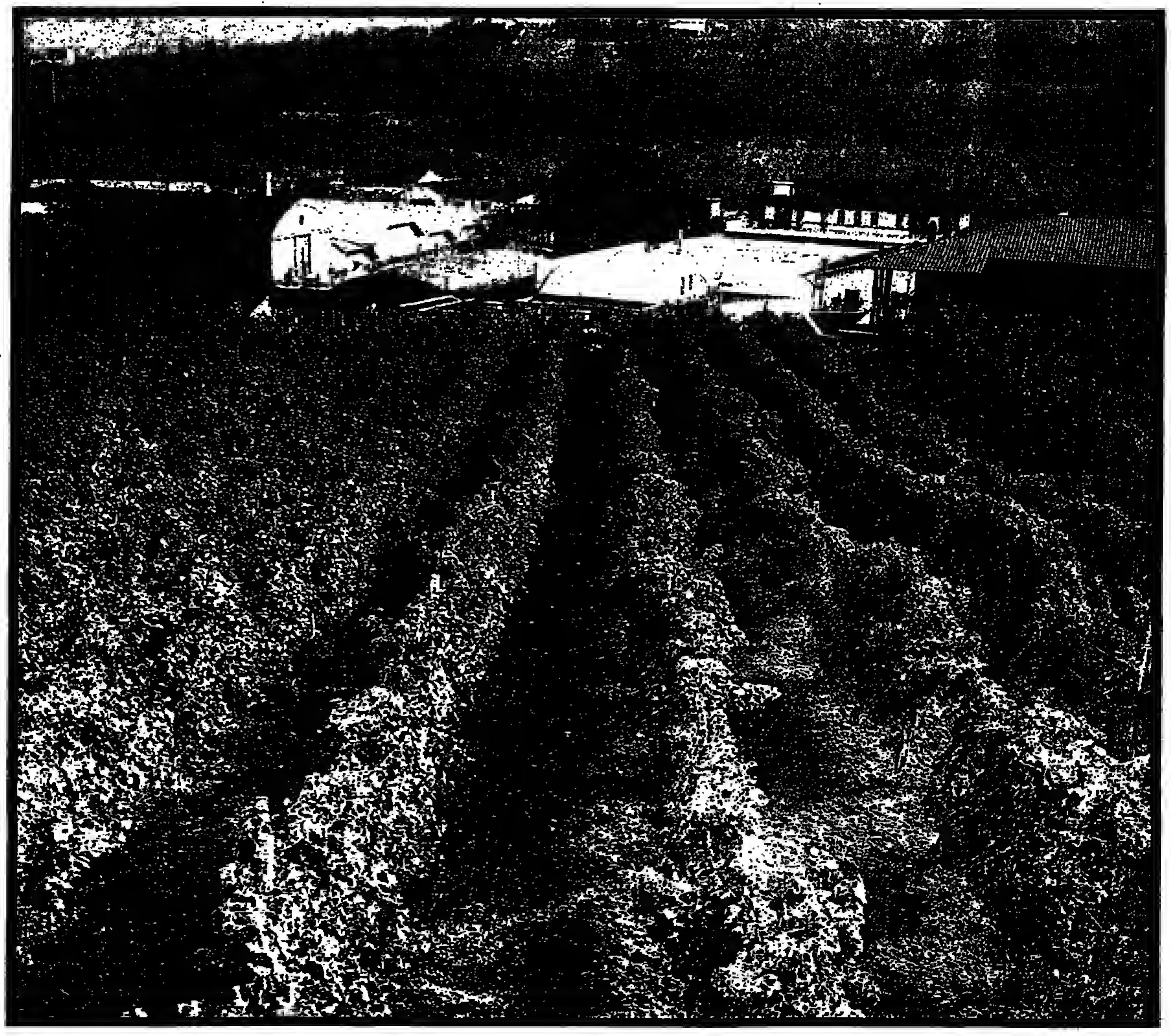
¶ Mortgage base rate.
a. Effective from close of business 31 August 1982

Cariplo: the bank that cultivates the growth of Italy's most flourishing region



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This powerful and integrated economy is the base from which we are expanding our international banking operations, with a full branch in London, and another representative office, in Hong Kong.

If you want to do business in Italy through one of our 460 agencies throughout the country, or are an Italian company looking for an international banking connection, get in touch with us through our new London branch at 6 Bishopsgate, London EC2N 4AE. Tel: 01-283 3166, Telex: 887641; or at our Head Office, Via Monte di Pietà 8, 20121 Milan; or through our representative offices in Brussels, Frankfurt, Hong Kong, New York and Paris.

CARIPLO
CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE

The Lombard Bank

WORLD STOCK MARKETS

Dow four points easier at 1pm

WITH INVESTORS becoming concerned about an upturn in U.S. interest rates and also worried about the outlook for the economy, Wall Street declined yesterday morning in a fairly heavy trade, extending Wednesday's late retreat.

The Dow Jones Industrial Average, which surged 18¾ points to a 13-month peak on Tuesday but on Wednesday lost seven points, was down 4.04 more at 923.57 by 1 pm yesterday. The NYSE All Common Index receded 33 cents to $70.77 and declines outpaced rises by a nine-to-four margin. Turnover was a substantial 51.03m shares but fell well short of the previous day's 1 pm figure of 58.19m.

Analysts noted that the closely-watched Federal Funds Rate, on overnight loans between banks, climbed as high as 10½ per cent yesterday after falling below 10 per cent earlier in the week.

The market also came under pressure from Salomon Brothers' chief economist Henry Kaufman's projection that growth in the economy will be subnormal for the next 12 months.

Monte Gordon, of Dreyfus Corporation, said Mr Kaufman's projection raised the spectre that corporate earnings would be poor for some time.

Technology stocks were particularly weak, with active Motorola off ½ to $74¼, Honeywell 2½ to $81¼, Communications Satellite 2⅝ to $66¼, Harris $1 to $34 and General Signal 2¼ to $36.

Xerox put on ⅜ to $32¾ in heavy trading. On Wednesday, Xerox introduced a new line of copiers, which officials said was more important for the company than its planned acquisition of Crum and Forster.

Woolworth rose to $23 in active trading. The company is negotiating to sell its British operations. IBM was the volume leader and climbed ½ to $76¼. Also active were NLT, up ⅜ to $41⅜, Lockheed, off ¼ to $66¼, Alcan off ⅛ to $21¾, and ATT, off ⅛ to $56¼.

THE AMERICAN SE Market Value Index slipped 1.87 to 290.78 at 1 p.m. on volume of 2.84m shares (4.96m).

Canada

Markets in Canada were broadly lower at mid-session after active dealings. The Toronto Composite Index dipped 11.7 to 1,642.0, Golds 20.5 to 2,610.0, Metals 26.6 to 1,484.0 and Oil and Gas 14.0 to 2,850.5.

Dome Petroleum was halted at the opening at C$5¼. A bank spokesman said the Canadian banks have presented a refinancing proposal to Dome and Dome's board is meeting in Toronto to discuss it.

Hong Kong

Stock prices generally declined in nervous although fairly light trading yesterday, the day that the British Prime Minister actually began her talks with Chinese leaders in Peking on the future of Hong Kong.

The market receded quickly soon after the opening on reports from Peking that Chinese Premier Zhao had said that China must regain sovereignty over Hong Kong. Although that position was leaked several weeks ago, it was the first official public statement to that effect and upset nervous investors.

Local investors were pessimistic despite Premier Zhao's pledge that China will guarantee the territory's prosperity and stability. Later reports that Sino-British talks on the future of the Colony had made good initial progress made little impact on the Hong Kong stock market.

The Hang Seng index retreated 25.73 to 1,096.12, while turnover on the four exchanges amounted to HK$207.10m, compared with HK$154.88m in the short Wednesday session.

Germany

Profit-taking brought most shares down yesterday, but there was some recovery towards the close. The Commerzbank Index, based on mid-session prices, lost 6.3 at 712.0 following Wednesday's advance of 13.3.

News near the end of the session that the Bundesbank is cutting by 10 per cent banks' minimum reserve requirement spurred hopes of lower interest rates and pulled shares in general up from the day's lows.

Motor shares were particularly weak following a discouraging interim report from Volkswagen, which closed DM 8.60 down at DM 129.90 after touching DM 127.50. Daimler retreated DM 5 to DM 334.50 and BMW DM 2.50 to DM 200.50.

Banks rallied on the late Bundesbank news. Deutsche finished DM 0.80 up at DM 260.40, although Commerzbank was still DM 0.70 lower at DM 131.30 and Dresdner DM 0.20 down at DM 124.30.

The Domestic Bond market responded positively to the minimum reserve change, which pushed prices of paper with fixed interest rates higher. Dealers said yields could come down for some mortgage bank and other financial institution paper. They said paper with one, two and three-year maturities benefited most from the liquidity boost and growing confidence that the Bundesbank will keep the markets well suplied with liquidity. Public Authority Loans finished with gains ranging to 30 pfennigs. The Bundesbank sold DM 25m of stock compared with DM 42.3m sales the previous day.

Paris

Prices ended mixed after moderate trading as Wall Street's hesitant performance on Wednesday discouraged buying.

Thursday market the start of a new trading month for the Bourse when buyers customarily enter the market, but reflecting the New York influences, declines led advances by 88 to 74 in the French section.

Australia

The Sydney market showed some further improvement yesterday in a fairly active trade, although gains in Resources issues were mainly trimmed by late profit-taking. The Melbourne stock exchange was closed for a local holiday.

The All Ordinaries Index, after Wednesday's advance of 8.7, added 2.8 at 523.2, while the Industrials index put on 3.2 to 657.8 and Oil and Gas 5.2 to 521.2. The Metals and Minerals was finally only 1.0 harder at 422.5.

A worrying factor for dealers was news that the New South Wales Government was imposing a financial transaction tax of 0.03 per cent, which could have some minor impact on activity when the full details are appreciated.

The best gains were made in Building Materials, Brewery and Transport stocks on the Industrials side, while Oil and Gas stocks made most of the running on the Resources boards. The Gold shares buyers were somewhat baffled by the swings on world bullion markets. Golds issues opened firmer but closed mixed.

In the Oil and Gas group, Vamgas rose another 40 cents to A$8.80, Santos 12 cents more to A$6.08 and Hartogen 10 cents to A$2.35, but Woodside shed 4 cents to 90 cents.

Johannesburg

Despite some easiness in the Bullion price after its recent advance, Gold shares gained further ground. Among Heavyweights, Harties climbed R8 to R75.50 and FS Geduld R2.50 to R48.50. In the Lightweights sector, Marievale improved 25 cents to R4.30.

Mining Financials and Platinums mainly hardened in sympathy with Golds, but Diamond issue De Beers dipped 25 cents to R6.75.

Industrials were broadly higher with gains outnumbering declines by almost six-to-one.

Tokyo

The market was closed yesterday for the Autumn Equinox holiday.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

Stock	Sept. 23	Sept. 21
AMGA Intl	18	18⅝
Abitibi	18½	18⅝
Agnico Eagle	11¼	11⅛
Alcan Alumin	27¾	28⅞
Algoma Steel	27⅝	28½
Asbestos	11⅛	11⅛
Bk Montreal	21⅝	21⅝

DENMARK

Sept. 23	Price %	+ or —
Andelsbanken	117	
Baltica Skand	365	+1
CopHandelsbank	187.0	
D. Sukkerfab	366	+4
Danske Bank	127.0	
East Asiatic	82.4	+1.4
Forende Brygg	694	+6

HOLLAND (continued)

Sept. 23	Price Fls.	+ or —
Gist-Brocades	82.2	+0.6
Heineken	56.7	+0.5
Hoogovens	15.1	—0.3
Hunter Douglas	8.3	+0.4
Int Muller	15.7	—0.2
KLM	88.8	—1
Naarden	21.1	+0.1

AUSTRALIA

Sept. 23	Price Aust. $	+ or —
ANZ Group	3.85	
Acrow Aust	1.40	+0.10
Ampol Pet	1.32	
Assoc. Pulp Pap	1.58	
Audimco	0.09	
Aust. Cons. Ind.	1.30	—0.02
Aust. Guarant.	2.28	—0.02
Aust. Nat. Inds.	2.20	+0.05

JAPAN (Continued)

Sept. 22	Price Yen	+ or —
Kubota	328	—1
Kumagai	381	+8
Kyoto Ceramic	3,800	+80
Lion	335	—5
Maeda Const.	517	+2
Makita	745	+5
Marubeni	278	+3
Marudai	516	—19

Indices

FRANCE

ITALY

NORWAY

SPAIN

GERMANY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

JAPAN

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

BRAZIL

HOLLAND

Why a U.S. defence stock has come to London

By John Makinson

THE TINY airport of Lancaster, Pennsylvania, has been humming with activity over the past few weeks. Flocks of dark-suited lawyers, bankers and accountants have shuttled in from New York and London on their way to a discreet, windowless building on Hempland Road, the headquarters of International Signal and Control Corporation.

The purpose of the invasion has been to prepare ISC, a privately-owned electronic systems company, for the most dramatic event in its brief history—a full listing on the London Stock Exchange. To this end, ISC is proposing to buy out the quoted minority holdings in its London subsidiary and transform itself into a British company.

The ISC proposals were announced in London yesterday. When carried through, they will create a public company with an initial market value of £86m. This is roughly half the market capitalisation of United Scientific Holdings, the high-flying British electronics company with which ISC would like to be compared.

The U.S. company wss founded in 1971 by Mr James H. Guerin, a soft-spoken electronics engineer. Mr Guerin bsd put together funds to buy out a division of Hamilton Watch, an ailing U.S. company for which he was then working. When Hamilton decided to sell the division elsewhere. Mr Guerin persevered, using the money to set up shop with a small group of friends.

Initially, ISC's sole goal was lo obtain sub-contracted work for U.S. defence projects. It was able to take advantage of U.S. contract allocation rules, which oblige main suppliers to farm out work to very small companies. Roughly one-fifth of ISC's sales slill go to the U.S. Defence Department.

In the mid-1970s, however, Mr Guerin started to cast around for overseas work and established an international division in Lancaster to msrket the group's products. By 1979, enough business had been generated to justify the creatlon of a separate London-based company—ESI.

Even the company finds it bard to explsin what lt does. The published documents of ISC and ESI—tbe initials are derived from Electronic Systems International — refer darkly to such activities as "special purpose defence systems" and "various forms of communications and electronic counter messures equipment." For the most part, however, ISC's business is rather less sinister than its language suggests.

The U.S. military division works exclusively on contrsct work for the Defence Department. Almost sll the products which lt designs and manufactures incorporate the use of signals to convey defence lnformation. Its sensors, for example, can be buried underground to detect the approach of sdvancing troops or artillery by sampling magnetic and seismic disturbances. Detailed information is tben transmitted to a receiver.

Similarly, tha company provides data transmitting sets, known in lhe jargon as telemetry systems, to replace the wsrhead ln a missile and monitor tba weapon's performance. This information is simultsneously relayed back to a receiver. The company supplies equipment to test parts of the Trident missile, as well as fuses and products designed to detect and, if required, to jam enemy radio signals.

The nuts and bolts of the business

The militsry division ls, by ISC's standards, the nuts and bolts end of tha business. Profit margins on Defence Department contracts typically range from 7 to 12 per cant. In ESI, however, margins can easily run to three times that level. This is partly because ESI, in effect, borrows technology from ISC, wbich bears the development cost, but also because the company works exclusively on tailor-made contracts and the customer pays for tbe made-to-measure quality.

The word which recurs time and agsin in sny description of the work of ESI ls "system." It makes an appearance no less than 26 times on one single page of the ISC offer for sale document. It is used to distinguish ESI's operations from those of a conventional manufacturer. Instead, tbe company operates ratber like a building contractor, designing a prodnet according to the client's requirements, selecting components from a variety of manufacturers and undertaking the final assembly.

A typical exsmple ls the security systems division, the largest and fastest growing part of the company. A client wisbing to protect a strategic but vulnerable asset, such as an airport or an oil field, commissions ESI to devise a security blanket incorporating, for example, sensor devices, acoustic equipment and close circuit television. ESI designs the package in the light of potential tbreats, supervises the installation and trains local personnel to operate it.

ESI slso provides wbat it calls "technology transfer," exporting to other countries the know-how for making products ranging from tactical radios to missiles. Since this work is often of a highly sensitive nature (the Rockeye cluster bomb is one item on the salesman's list) licensing requirements are very strict. In addition, ESI supplies a wide range of defence communications equipment and provides clients with sophisticated components made by other manufacturers.

ESI is understandably coy about disclosing the destination of its sales. Many of its contracts specifically preclude such dlsclosure. The company does, bowever, admit that 80 per cent of the international division's sales were to Africa and the Middle East in the year to March 1982.

ESI's managing director, Mr John Hartley, srgues that the absence of a manufacturing base is a real advantage for a relatively small company operating in a high-technology district. It allows ESI to use the latest available technology without running the risk of being outpaced in research and development work by mightier competitors. The resources of the company are therefore intangible—principally its engineering and marketing skills togetber with the goodwill built up among its customers.

Yet the company recognises that it obtains a greater degree of proprietary control by using in-house components in its products. Mr Guerin insists that, in the international division, the company must have control either of the product or of its relationship with the customer.

This approach has led Mr Guerin to chase a smaller number of contracts. "We're now looking at contracts with a value of $400m, as against

The advantage of not being a manufacturer

$1.5bn a while ago. But our success rate is very much higber." Ideally, Mr Guerin would like to see 35 per cent of the contract value of security systems provided by in-house products. For U.S. military sales, he believes the ideal proportion would be 50 per cent, and never less than 20 per cent.

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Through their hard work, and of the 475,000 businesses in Lombardy, most of which are Cariplo customers, the region produces 11% of Italy's total agricultural output, and generates almost 33% of its total industrial production.

This powerful and integrated economy is the base from which we are expanding our international banking operations, with a full branch in London, and another representative office, in Hong Kong.

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The Lombard Bank

Why Norway can't just turn up the gas

By William Dullforce, Nordic Editor

CAN NORWAY become a major supplier of natural gas to Western Europe in the 1990s and head off the building of yet another Soviet pipeline? It has made a provisional commitment but the possibility is hedged with political quandaries, technical reservations and, not least, questions of price.

The Norwegians have had a tough time over the past year convincing President Reagan that it was physically impossible for them to increase gas production in the 1980s and help the U.S. thwart the controversial Soviet pipeline project now under way.

Prime Minister Kaare Willoch now says that Norway is able and willing to supply Europe with large amounts of gas in the 1990s. On its side the EEC Council of Ministers has asked Norway to specify within the next two years whether it can meet the Community's gas requirements during that decade.

The minority Conservative Government is preparing a White Paper on petroleum policy which the Storting (parliament) will debate next spring. In view of the past opposition—not least from the Conservatives' non-socialist partners—to any acceleration in the pace of offshore production that debate promises to be one of the most momentous in the country's oil history.

At first glance a substantial increase in deliveries of gas to Europe in the 1990s appears to be well within Norway's capacity. Reserves of recoverable gas are currently estimated at around 3,000bn cubic metres, of which more than half are in the giant Troll field discovered by Shell.

This figure puts Norway in the same category as Algeria among the world's potential producers and more gas is expected to be found both in the North Sea and off northern Norway. In practice, however, the situation is not so simple.

Norway at present supplies Europe with about 25bn cubic metres a year of natural gas through two pipeline systems, one connecting the Ekofisk field to Emden in West Germany, the other linking the Frigg field to St Fergus in Britain. This makes up about 14 per cent of Western Europe's total gas supplies.

The current capacity of the two pipelines is 29bn cubic metres a year. It will reach 32.8bn when throughput is boosted on the Frigg line to take gas from Odin and North-East Frigg fields. (The figures refer to capacity for *Norwegian* gas; Frigg is owned jointly by Norway and the UK and one of the twin pipelines to St Fergus is British.)

Output from Ekofisk is slowly tapering off. The Frigg pipeline can be run at full capacity until 1991 but from then on production will fall sharply to nothing in 1994. The first consideration for the Norwegians, therefore, is to tap new fields, so that the two pipelines' capacity can be fully utilised through the 1990s.

Contracts have been agreed for the delivery to the Continent of gas from the Statfjord, Heimdal and Gullfaks (34/10) fields through the new pipeline, Statpipe, being built to link up with Ekofisk. The addition of these supplies from 1986 should fill the Ekofisk-Emden pipeline but Ekofisk's own gas output will continue to decline.

The next fields in line for development are Sleipner, which is estimated to have recoverable reserves of over 200bn cubic metres, and Oseberg (30/6) which is primarily an oilfield but has saleable gas reserves of 55bn-60bn cubic metres.

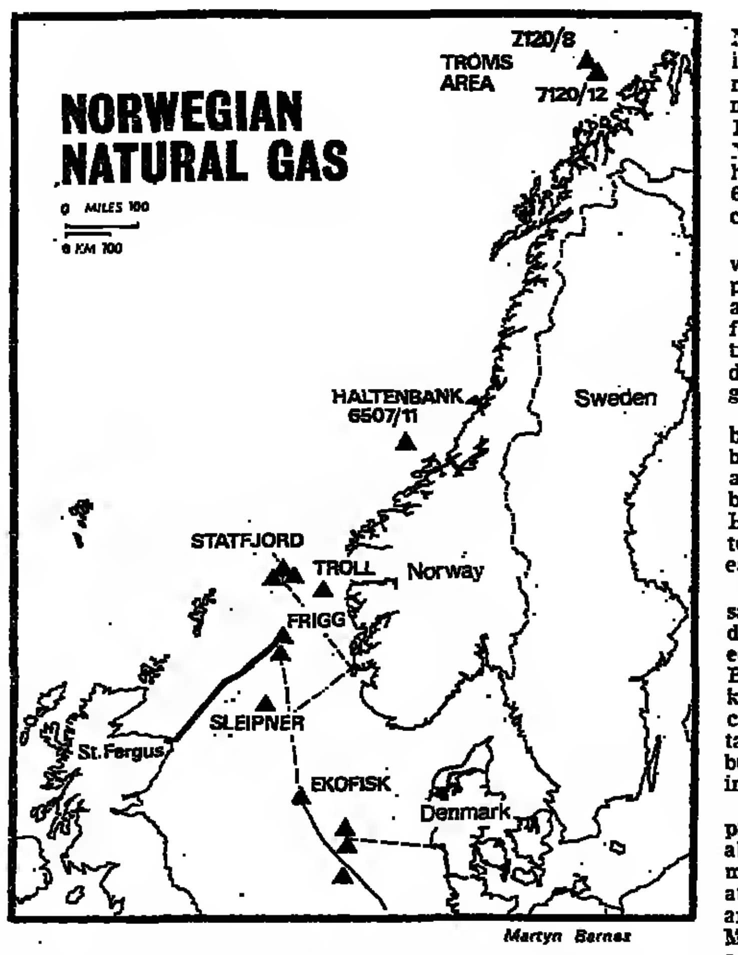
Sleipner could furnish 10bn-11bn cubic metres a year from 1990 or 1991. The British Gas Corporation is bidding strongly for this gas, whose final destination and transport system will be decided by a price battle with continental buyers. Sales talks start at the end of this month.

Other smaller gas reserves may be developed but, if it is to increase supplies substantially above the 32.8bn cu metre capacity of the existing pipeline systems in the 1990s, Norway will have to develop the giant Troll field or bring on stream the gas reserves believed to lie off its northern coast. Neither is a straightforward proposition.

Only part of Troll has so far been explored but it has been estimated to contain seven times as much gas as Frigg. Beneath the gas, however, there is a thin layer of oil, between 12 metres and 28 metres thick, with at a rough estimate around 130m tonnes of recoverable reserves.

If this oil is to be harvested—and it is difficult to see how the Storting would agree to waste it—full-scale gas production would have to be delayed.

Shell and the Norwegian Petroleum Directorate have studied ways of producing simultaneously the oil and limited quantities of gas. Shell's scheme, it is understood, would allow for an annual gas output of 10bn-11bn cu metres while the Directorate's solution would give a much lower production.



Martyn Barnes

Such amounts would not warrant the construction of a new pipeline and would have to be carried through the existing systems. Even if the gas from Sleipner went to Britain through a separate transmission system, Norway would be able to boost gas deliveries only to something over 40bn cu metres a year some time during the 1990s.

Dr Burckhard Bergmann of Ruhrgas told the Norwegians recently that West Germany, France, Belgium and the Netherlands (the continental countries currently receiving gas from Norway) would need new gas supplies of around 50bn cu metres a year in the 1990s. Of these 40bn would replace reduced output from fields currently in production and only 10bn would meet the estimated increase in gas consumption.

Britain will have a supply gap of some 20bn cu metres by 1990 and will require around 40bn cu metres by 1995. Most can probably be covered from domestic sources but the British Gas Corporation will also be looking for imports.

"We will not drag our feet" in developing Troll, Mr Vidkunn Hveding, the Norwegian Oil and Energy Minister, assured his fellow ministers at the last meeting of the International Energy Agency.

The field, it has been estimated, could be depleted at an annual rate of anything from 35bn to 60bn cubic metres—the equivalent of a new pipeline from the Soviet Union to Europe—when in full production. But only an altruistic political decision by the Storting to abandon the oil layer would make that possible before the next century.

In the waters off northern Norway Statoil has struck gas in the Troms area. It puts recoverable reserves in the field, named Askeladden, at between 100bn and 150bn cubic metres. Norsk Hydro estimates that it has found reserves of 55bn to 60bn in a structure closer to the coast.

Neither discovery so far would justify the building of a pipeline and other oil companies are sceptical about the economic feasibility of Statoil's suggestion that Askeladden could be developed to give liquid natural gas.

Much more gas is expected to be found off northern Norway but exploratory drilling on the allocated blocks this year has been disappointing. Norsk Hydro wants to switch its efforts to the unallocated zone north-east of the present Troms area.

The Willoch Government has said it would give priority to developing commercial discoveries off northern Norway. But in the present state of knowledge about reserves it cannot be affirmed with certainty that they could contribute to European gas supplies in the 1990s.

Lastly, there are the technical problems. The depth of the sea above Troll is more than 300 metres compared with 70 metres at Ekofisk, 100 metres at Frigg and 150 metres at Statfjord. Moreover, the gas reservoir is in a very shallow rock structure extending over some 700 square kilometres: a large number of production wells may be needed.

In the north, Askeladden also lies beneath 300 metres of sea. Here must be added the difficulties that icing is likely to cause on production platforms during the winter.

The Norwegians need to be sure of a price which will cover the costs of producing gas under tougher conditions than any experienced so far and of transmitting it over great distances.

However rich in gas Troll and other Norwegian fields may be, it remains to be proved that the equation will come out. Not surprisingly the Norwegians have been among the strongest advocates of a parity for gas, linking it with oil prices. On the other hand at the recent oil exhibition in Stavanger speakers from continental and British companies which would be competing for the gas were unanimous in underlining that they would not pay any price.

Oil Minister Hveding stresses the contribution that Norwegian reserves make to the security of Europe's gas supplies. European consumers can convert to gas, knowing that supplies are available and that dependence on deliveries from the East need not reach a politically unacceptable level.

The Norwegian Government told the Americans that it would favour plans to develop fields to supply gas to Western Europe in the 1990s, provided that the companies involved came up with sales agreements offering an economic basis for development. Otherwise, it was suggested, Norway would probably give priority to developing oil fields.

It is evident that over the next year or so both the Willoch Government and the Storting will have to take some crucial decisions.

This applies not only to taxes and to the oil layer in the Troll field, but also to the overall level of depletion, for the ceiling of 90m toe (tonnes oil equivalent) a year previously indicated by the Storting may well have to be surpassed, if Norway is to become a major European gas supplier.

The Norwegians will have to face up to their fear that their economy will become too dependent on the North Sea revenues. It must be remembered that they have not yet succeeded in adjusting the mainland economy to the inflationary pressures from offshore. Nor have they worked out a programme for capital exports which might help to allay those pressures.

Finally, the gas issue goes to the heart of Norwegian foreign policy. In pressing Oslo to step up gas supplies to Western Europe the Americans have been able to appeal to Norway's loyalty to the Atlantic alliance. In 1972 Norwegians decided in a referendum not to follow Britain and Denmark into the EEC. In recent years, however, both the previous Labour Government and the present Conservative administration have sought to strengthen Norway's ties with the Community.

When they debate the Government White Paper next spring the members of the Storting will have to thread their way through a labyrinth of technical issues, economic self-interests and foreign political aims. The question of Norwegian gas supplies is much less simple than President Reagan's advisers suppose.

CONTRACTS

Davy Bamag wins £3m plant order

THE South of Scotland Electricity Board has placed a contract with DAVY BAMAG worth about £3m for the complete make-up water treatment and condensate polishing plant for the new 1320 MW AGR power station, at Torness, East Lothian.

*

WEBB ENGINEERING, Maidstone, has been awarded two contracts by Esso Petroleum Malaysia Incorporated. One, for three years, will initially involve inspection and supervision of six new oil production platforms, which are being manufactured in Korea, and Japan. The jackets are being built by Hyundia Heavy Industries at Ulsan, South Korea, while the modules are to be constructed by Sumitomo Heavy Industries, Toyo City, Japan. The second contract is for the supervision of the construction of projects for new and existing platforms, in the South China Sea, offshore from Kuala Trengganu on the east coast of West Malaysia. Both contracts are to be managed by WELADIN Sdn. Bhd., of Kuala Lumpur. WEL estimate the value of the contracts to be worth over £3m.

*

PYE TELECOMMUNICATIONS has won orders valued at over £3.4m. Several Ministry of Defence and Home Office orders make up the bulk of the total with contracts valued at about £2.7m, for a wide variety of equipment and applications. In Wales, the Mid-Glamorgan Health Authority has ordered systems valued at over £61,000 and, between them, the CEGB, South Wales Electricity Board, Conoco (UK) and Premier Travel Services account for orders worth over £81,000.

*

CONSTRUCTION of a mix of warehouse and office premises is worth over £2m to the Devizes-based company, W. E. CHIVERS & SONS. Warehouse and office premises at Filton, Bristol, with a contract value of £573,000, are being built for the HAT Property Company. Situated in Station Road, Swindon, will be a five-storey office block for the Sun Alliance Insurance Group which is worth £1.6m.

*

A £3.5m contract to supply new plant for Cadbury Schweppes at Bournville, near Birmingham has been won by THE LAMDEC GROUP, Frodsham, near Warrington.

*

A £2m contract to supply 900 containers has been won by ADAMSON CONTAINERS, part of the Acrow Group. The contract, for 20-ft and 40-ft open-top containers, is from Tiphook Container Leasing Company.

*

PRECISION AIR CONTROL, Edenbridge, has two contracts with the Government of Iraq to the value of £1.5m. Both supply and installation conditioning, raised ceilings, lighting, parti electrical installations, power supplies, fire detect security system and all el wiring for two large com in be installed in B These contracts follow a £ order received the week for similar services for puter installation in L Angola. Precision Air is in the Eaton-Williams

*

W. AND C. PANTIN has tract worth £1.4m from Motor Company, to supp install a system of floor m conveyors for phase 1 paintshop modernisation gramme at Dagenham. project, covering two ph plant installation and c sioning, has been plann coincide with production new Sierra. Equipment in twin stranded, deep link conveyors with pneuma lifted transfer units, roller tops for skid transf specially designed con with folded plate sections Ford's specific requireme handling bodies throug sealer booths.

*

A CONTRACT for a raw intake and pumping stati the River Wye, has been a to DAVIES MIDDLETON DAVIES, a member o Joseph Cartwright Group, Usk division of the Welsh Authority. Known as the Wye Abstraction Schem £1.3m project, at Mon includes the excavation underground plant room a water intake chamber, plo struction of the above pumping station. Design blend into the countrysid steel framed building is finished with natural, dressed, Forest of Dean elevation and feature a Slate roof. Main civil eng ing works comprise the co tion of a permanent, 10- deep sheet-piled, T-shaped dam projecting into the A total of 6,000 cu metres gravel and marl will be vated from within the coff which is to be constructed 250 tonnes of Larssen 420 yield steel piles.

*

LASER-SCAN LABORATO has an order to install eo ments to the Mapping and ing Establishment's auto cartography system at Fel The value of the co exceeds £600,000 and in Fastrak automatic digi system together with two versions of Laser-Scan's active workstation.

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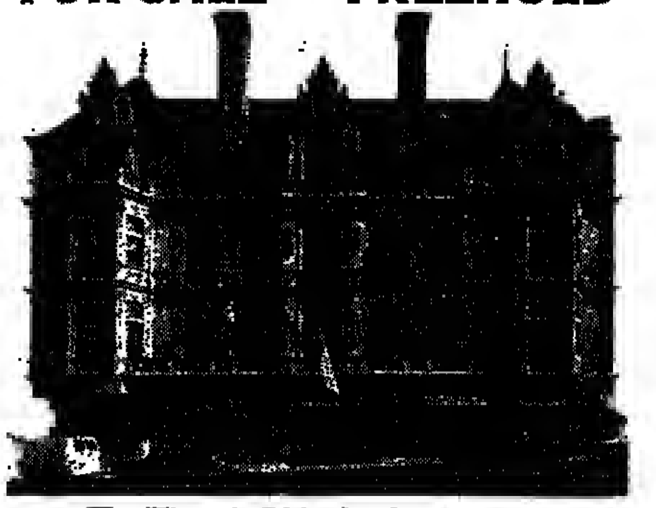

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A FINANCIAL TIMES SURVEY

INDUSTRIAL PROPERTY

The Financial Times is planning to publish a Survey on Industrial Property. The provisional editorial synopsis and date are set out below.

DATE: Monday, 1st November, 1982

INTRODUCTION
One of the first indications of any revival in the UK economy is expected to be an increasing volume of activity in the industrial property sector. There are now some indications that an upturn in interest is now taking place. Recovery, however, may be slow, such is the large volume of empty space still overhanging the market.

THE ECONOMY
Prospects for a sustained recovery in the British economy remain closely tied to movements in interest rates both at home and overseas. A crucial factor will be the ability of the U.S. economy to climb out of one of the deepest recessions for years.

THE INVESTMENT MARKET
The institutions have become much more selective about the quality of new schemes they are prepared to undertake; there have been signs that prime yields have softened in the first half of this year; nonetheless the investment market is far from dead.

INDUSTRIAL RENTS
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OLD FACTORIES
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A LOOK AND INDUSTRIAL PROPERTY MARKETS IN THE UK REGIONS AND IRELAND
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b) West Midlands
c) East Midlands
d) East Anglia
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f) South West
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INTERNATIONAL COMPANIES AND FINANCE

DU PONT ACTS TO REDUCE DEBT

$2bn asset sale opens

DU PONT'S planned $772m disposal of it Conoco's subsidiary's U.S. oil and gas interests to Petro Lewis follows weeks of speculation over what the U.S.-based chemicals giant might sell in order to reduce its huge debt.

Du Pont bought Conoco a year ago for $7.8bn. It borrowed $3.9bn to finance the acquisition and has been giving "high priority to the management of the merger-related debt" ever since.

The group is fairly bullish about the way it is coping with Conoco and with its debt. It claims to be somewhat puzzled by the rumours about how it was desperately trying to sell assets in order to lower its borrowing. It has made no secret of its plan to sell $2bn worth of natural resource assets over a three-year period.

The sale of Conoco's oil and gas interests is merely the first major step in this publicly declared programme, it maintains.

The group insists that the sale has not been agreed at a distress price. Du Pont has been talking to Petro Lewis since the start of this year. There were other potential buyers who helped to drive up the price, it says.

Nor was Conoco directed by Du Pont to sell 13.7 per cent of its U.S. crude production and 7.5 per cent of its U.S. gas production — which is what is involved with the deal with Petro Lewis. Conoco, says Du Pont, had complete discretion as to what it would sell providing it acted within the $2bn asset disposal programme.

The group now claims it is pleased at having gone so far towards its $2bn goal at such an early stage.

But some observers are sceptical. They believe Du Pont would have preferred to raise cash by selling U.S. coal reserves belonging to Consol, a Conoco subsidiary and America's second biggest coal company.

Critics suggest the group was forced to sell oil and gas interests to Petro Lewis because the need to start reducing borrowing was becoming more urgent. They add that one of the main reasons Du Pont bought Conoco in the first place was to secure its supply of oil and gas-based raw materials for making petrochemicals.

Du Pont says the Conoco take-over gave it far more oil and gas than it need for petrochemical production. It also points out that some of the interests being sold will revert to Conoco in 10 years' time and that Conoco will have preferential rights to buy the greater part of the crude and gas being sold to Petro Lewis.

The leading U.S. chemicals maker has sold its Conoco subsidiary's oil and gas interests for $772m. The group says the disposal is the first step of its plan to raise $2bn from selling natural resource assets. But critics suggest otherwise. Sue Cameron reports

The group is still looking at the possibility of selling U.S. coal reserves, as well as some of its smaller North Sea oil interests. It still has to raise more than 50 per cent of its $2bn cash target.

But Consol points out that for the first time since the Second World War electricity demands have dropped by about 2 per cent. The electricity utilities are important buyers of coal. The industrial market for coal is also down on last year.

Manufacturers — many supposedly planning to switch to coal from other fuels—took 18.5m tonnes in the first three months of 1982 but only 16m tonnes in the first quarter of this year. Meanwhile, in the international coal trading market most buyers have built up high stocks. Supplies from Poland have also re-appeared.

Consol believes it is in a stronger position than many of its competitors partly because it has been securing more long-term contracts.

Du Pont has stressed that it wants to sell only coal reserves, not working mines. None the less it would seem that U.S. coal reserves are not in a seller's market at present.

Meanwhile, its heavy chemicals business is not doing well. The group's volume sales are 15-16 per cent lower than they were in the boom year of 1979 and many of its plants are operating at only some 55 per cent of capacity.

The problem of poor demand as a result of the recession, over-capacity and weak prices in commodity chemicals are not peculiar to Du Pont. The entire U.S. industry, like that of western Europe, has been affected.

Before the Conoco purchase Mr Ed Jefferson, British-born chairman of Du Pont, stressed that he wanted his company's chemicals business to be centred on areas where it had an edge over competitors in terms of a speciality product or in terms of markets or technology. This is still the group's philosophy. To that end it has increased its spending on research and development by 12 per cent in real terms.

Mr Jefferson reckons some 60 per cent of Du Pont's 90 different businesses already have a distinct competitive advantage in the market-place. But he wants to see the proportion higher.

He is willing to try and increase the proportion through acquisition—notably in the pharmaceutical field. Drugs, at least, have shown themselves to be largely recession proof.

Dome given refinancing proposals by bankers

By Nicholas Hirst in Toronto

THE CANADIAN Federal government and four of the largest Canadian banks yesterday presented hard-pressed Dome Petroleum with a rescue package to restructure some of its C$7.8bn (U.S.$6.2bn) of debt.

Dome later said the rescue package contained a capital injection, half of which would be provided by the Canadian Imperial Bank of Commerce, the Bank of Montreal, the Royal Bank and the Toronto Dominion Bank, and half by the Federal government. They would also be rescheduling of some of the outstanding debt. The company will make a further announcement when it had considered the proposals in detail.

Trading in Dome Petroleum shares was halted earlier on U.S. and Toronto stock exchanges pending an announcement. At the close on Wednesday the share price was U.S.$4.14 on the American exchange and C$5.12 on the TSE. They have traded as high as C$25.

There was speculation in stock markets that the Federal Government capital injection might not involve cash as such. Mr Pierre Trudeau, the Canadian Premier, has said there would be no "bail out" of Dome and this was generally interpreted to mean that while the Government might provide guarantees it was unlikely to make any grants to Dome.

In its last quarterly statement to the U.S. Securities and Exchange Commission, Dome said it could not make principal payments as scheduled on C$1.35bn of loans due by September 30, and further C$1.06bn due by the end of June next year. The company could meet interest charges, but needed to raise C$250m to finance capital and operating requirements to the end of this year.

Debt payments from June 30 had been extended on a temporary basis while Dome had discussions on a restructuring of its loans with the banks and the Federal Government.

The C$1.35bn due on September 30 is believed to be held equally by the Canadian Imperial Bank of Commerce, the Bank of Montreal, Royal Bank and the Toronto Dominion Bank.

CIBC said the refinancing package would deal with a wider span of the outstanding debt to the four banks. The Bank of Nova Scotia, also a big lender to Dome, is not involved in this refinancing package. Its debt is understood to be structured differently to the other four.

The company has largely blamed its problems on its C$4bn acquisition of the Hudson's Bay Oil and Gas corporation—a subsidiary of Conoco—which was financed by debt. In buying Hudson's Bay, Dome was following the Canadianisation policy of the Federal government under its National Energy Program. By giving favoured treatment to Canadian-owned concerns. the program has encouraged foreign groups to sell out.

Kuwaitis seek Gulf Oil retail outlets

By Richard Johns

KUWAIT PETROLEUM COMPANY is continuing talks on the acquisition of Gulf Oil's refining and distribution interests in West Europe, except operations in the UK, the Kuwaiti group confirmed yesterday.

KPE is understood to be mainly interested in Gulf's 4,000 petrol stations. To obtain them it is prepared apparently to purchase also its loss-making refineries.

Kuwaiti Petroleum, which aims to be an integrated company with extensive downstream operations, basically sees Gulf Oil's distribution network as an outlet for products refined within Kuwait.

Negotiations are believed to have come close to conclusion on several occasions over the past years but have been held up by reservations on the part of several European governments and also a certain indecisiveness on the part of Gulf Oil.

Big question-marks hang over the future of Gulf Oil's refineries in Denmark and Italy, anyway.

The Danish Government has an option to take over the former. The refinery in Italy has valuable terminal and storage facilities.

KPC has a refining capacity of 594,000 barrels a day with a further 100,000 b/d or so being installed. This compares with a current ceiling on crude output of 1.2m b/d

C$40m loss for Daon

DAON DEVELOPMENT, a Vancouver-based property development group, reports a loss of C$40.3m (U.S.$32.3m) in the first nine months of its fiscal year against net income of $14.3m or 35 cents a year ago. Revenue was $357m against $445m.

The results reflect writedowns in property values totalling $44m in its U.S. operations and $8m in Canada.

British bank bonds favoured by investors

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

RECENT TRENDS in the Eurobond market have thrown up a sharply favourable divergence in the perceived creditworthiness of British banks compared with their beleaguered North American counterparts, according to a study by Salomon Brothers, the U.S. investment house.

The study, entitled Major International Credits—Where are they trading now?, is one of the first detailed attempts to track the impact on investor preferences of the recent spate of debt reschedulings, corporate bankruptcies and bank failures.

It shows that investor demand for British bank issues has pushed their yield to a level some 0.6 per cent below the rest of the Eurobond market. Last December British bank issues were trading level with other issues.

The improvement since then in their relative performance is thought to be due to their high level of profitability and relatively high capitalisation compared with other banks.

By contrast, the yields of U.S. bank issues have been pushed in the opposite direction because of their heavy commitment to Latin American borrowers and the critical condition of some of their domestic corporate customers.

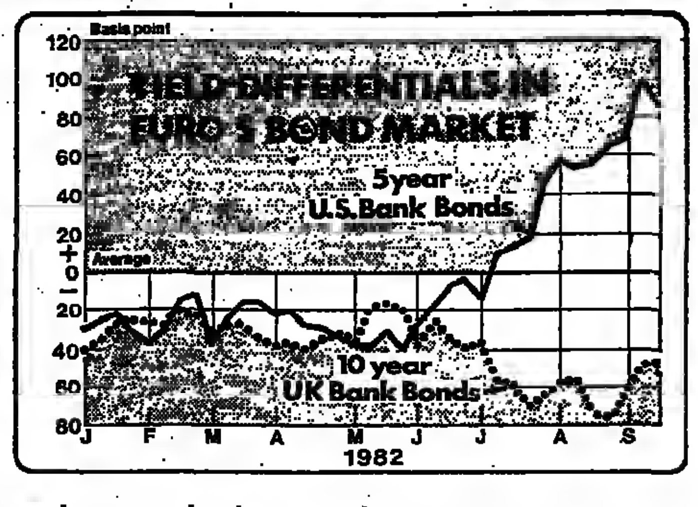
In mid-September U.S. bank issues were trading nearly 1 per cent higher than other Eurodollar bank issues in terms of yield, whereas in July they were roughly in line with the market.

Canadian banks have also fared badly with their yield premium over other issues rising to about 1½ per cent.

Salomon Brothers economists Mr Jeffrey Hanna and Ms Gioia Parente, who prepared the study, point out that the major beneficiaries of this change in investor attitudes have been top quality U.S. corporations and Canadian provincial issuers.

IBM's 12½ per cent bonds due in 1988 are now trading at a yield of more than 2¼ per cent below the rest of the market, while issues by Ontario Hydro are trading at yield some 2 per cent below those of Canadian banks.

Sovereign and supranational issues have also found new favour with investors, even, in cases such as the European Investment Bank, Sweden and France which have not always been particularly popular names in the market.



Two World Bank Eurobonds

BY OUR EUROMARKETS STAFF

AFTER Wednesday's flood of new issues in the dollar bond markets, lesser currencies took the limelight yesterday with new issues in Swiss francs, guilders and yen.

The World Bank is raising funds in both the Dutch and Swiss markets, while Australia has announced a Euroyen issue and the Swiss investment house Sodito confirmed its plan to launch a SwFr 100m bond on behalf of the EEC.

Prices of fixed rate dollar Eurobonds dipped slightly on profit taking in the morning, but recovered during the afternoon to close little changed on the day. This was despite a marginal increase to 12⅞ per cent in the level of six month Euro-dollar deposits.

The World Bank's Dutch issue is a private placement for Fl100m over five years with a coupon of 10 per cent and issue price par. It is led by Algemene Bank Nederland. Its Swiss issue is for SwFr 100m over 10 years with an indicated yield of 6¾ per cent through lead managers Union Bank of Switzerland.

It will be finally priced on September 28, one day before the SwFr 100m EEC issue which is expected by the market to have a similar yield.

Australia's Y15bn Eurobond has a maturity of 10 years and an indicated coupon of 8¼ per cent. Lead manager is Nomura Securities.

The $75m, 10-year issue for the Swedish nuclear power concern Forsmarks was priced yesterday with a final coupon of 13⅛ and issue price 99 by lead managers Credit Suisse First Boston. At this level it yields 13.941, easily the highest yielding new issue in the dollar market.

In the Eurosterling market the 12½ per cent six-year issue for Finance For Industry has been increased to £30m from its original level of £25m.

News that the Bundesbank has decided to cut minimum reserve requirements of German banks helped foreign bonds to rise in active trading by up to ½ point in some cases. Six month Euromark deposits fell 1/16 points to 8 3/16.

No increase in French credit

By Our Euromarkets Correspondent

LEAD managers in France's $4bn 10-year Eurocredit can expect to have their underwriting commitments scaled down by about 30 per cent because of heavy oversubscription.

France has decided not to increase the credit, which by yesterday had received commitments totalling $5.7bn from leading international banks. The credit will go into syndication shortly and subscriptions received from smaller banks could reduce the lead managers' commitments further.

At the latest count the credit had attracted 51 lead managers including the three co-ordinators. Ste Generale, Arab Banking Corp and Bank of Tokyo.

By nationality this includes nine French banks and 12 Japanese institutions. Four British, four German and eight U.S. banks had also agreed to underwrite $100m apiece.

The credit, the first by the French Republic since 1974, bears a margin of ⅜ per cent over the London inter-bank offered rate (Libor), a commitment fee of ⅛ per cent and a management fee of 0.2 per cent.

Fast profit growth at Telerate

BY WILLIAM HALL, BANKING CORRESPONDENT

TELERATE, the computerised U.S. money market information service, estimates that its pre-tax profits have risen by 54 per cent to $21m in the year ending September, 1982.

The number of terminals installed rose by 53 per cent to 7,500 during the period and Telerate said in London yesterday that it did not expect growth in the coming year to slacken.

Telerate operates the most widely used computerised information service covering U.S. government securities, money market instruments, foreign exchange and also displays the AP Dow Jones news service.

The company's growth has been rapid in recent years as the market for financial information has expanded. Three years ago it made profits of $3.9m and only had 1900 terminals. Its main competition is the Reuter Monitor Service. Until recently, Telerate's main thrust has been in the North American market where it has 5,900 terminals and is installing new terminals at the rate of over 200 a month.

Telerate announced the establishment of a UK subsidiary, Telerate System Ltd. yesterday which will spearhead Telerate's expansion in Europe where it has 1,000 terminals in subscribers offices. Telerate is a subsidiary of Unitel International, which was formed last year when Telerate was acquired by a consortium of British financial institutions and the management.

Unitel International, in which the UK owned money-broking group Exco International has a 49.9 per cent stake, also owns Noonan, Astley and Pearce, one of the biggest foreign exchange and money brokers in North America.

Unitel International, which is based in New York, announced yesterday that it was also establishing a UK operation, Unitel International Ltd., which will be headed by Mr Peter Dix, the finance director of the Guinness Peat group. Guinness Peat was at one stage interested in taking over Telerate.

Neue Heimat regrouping plan

By Our Financial Staff

THE SUPERVISORY board of Neue Heimat, the West German trade union owned housing development company, has approved a restructuring plan designed to restore confidence following management scandals earlier this year.

A statement following a board meeting said the company planned further decentralisation along lines already being implemented.

More regional offices will be opened to enable the group to operate closer to its market. Stock building programmes, where the occupier is not known at the time work starts on the project, will be reduced and contract building will take greater priority.

Earlier this year five senior executives left the board of Neue Haimat

Bethlehem Steel to quit West Coast

BETHLEHEM STEEL, second largest U.S. steel maker, plans to withdraw from steelmaking operations on the West Coast.

The move is part of an overall plan to modernise and concentrate the company's efforts on certain of its eastern steel plants, reports AP-DJ.

Bethlehem Steel now operates plants in Los Angeles and Seattle. These represent about 4 per cent of its total raw steel capacity.

The company is considering various ways of disposing of the facilities, including the sale of the two plants as viable businesses.

No specific dates had been established for implementation of the plan. But because of the Los Angeles plant's poor profit performance the company did not intend to operate the plant beyond the end of the year, it said.

As a result the company expects its pre-tax loss for the third quarter of 1982 will be increased by a provision currently estimated in the range of $50m to $75m to provide for the possible loss on the disposition of the Los Angeles plant

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday October 13. Closing prices on September 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	106	107	+0	+2	12.37
Amax Int. Fin. 15¾ 92	75	103	104	−0	+1	15.47
Amex O/S Fin. 14¼ 89	75	102	103	0	+1	13.46
ATT 14¼ 89	400	108	108	−0	+1	12.26
Baker Int. Fin. 0.0 92	225	28	28	+0	+1	13.34
BHP Finance 14¼ 89	150	100	100	−0	+1	14.60
Bk. Amer. NT SA 12 87	200	95	96	+0	+2	13.17
Bk. Montreal 14½ 87	100	97	98	+0	+1	15.14
Aquo. Inds Suisa 15 88	100	101	101	−0	+1	14.58
British Col. Hyd. 14¾ 89	200	104	104	+0	+1	13.06
British Col. Hyd. 15¾ 92	150	106	107	−0	+1	13.87
Canada 14¾ 87	750	105	105	0	+1	12.71
Canadair 15½ 87	150	104	106	−0	+1	13.89
Can. Pac. Sec. 14½ 92	75	100	101	−0	+1	14.36
Can. Pac. Sec. 15 89	75	101	102	+0	+1	14.47
CIBC 16 87	100	101	101	−0	+1	15.38
Citicorp O/S 15 84/92	100	101	101	−0	+1	13.78
Citicorp O/S 15¾ 86/97	125	103	103	+0	+2	13.65
CNA 15½ 97	75	106	106	−0	+1	14.74
Con. Illinois 15½ 89	100	98	99	0	+1	16.13
Deutsche Bk. F. 14¾ 89	300	102	102	0	+2	13.65
Duke Pwr O/S 15½ 88	60	103	103	+0	+0	14.54
Du Pont 14¾ 89 WW	200	103	103	+0	+1	13.33
ECSC 14¾ 87 (April)	40	103	103	0	+1	13.96
EIB 15¼ 89	150	104	105	0	+1	14.21
EIB 15¾ 92	100	106	105	0	+1	14.41
Eksportfinans 14¾ 89	50	102	103	−0	+1	13.76
Gen. Elec. Credit 0.0 92	400	32	32	+0	+1	12.76
Gen. Elec. Credit 0.0 93	400	28	29	0	+1	12.73
Getty Oil Int. 14 89	125	104	104	−0	+1	12.87
GMAC O/S 15¾ 85/87	100	102	103	0	+1	13.86
GMAC O/S Fin. 15 89	125	102	103	+0	+1	14.19
GMAC O/S Fin. 15 87	100	103	104	−0	+1	13.71
Gulf Canada Ltd 14¾ 92	100	103	103	+0	+1	14.04
Gulf Oil 14¾ 94	175	102	103	−0	+1	13.70
Gulf Oil Fin. 0.0 92	300	31	32	+0	+1	12.78
New Brunswick 15¾ 87	75	104	105	+0	+0	13.77
New Brunswick 16½ 89	75	108	107	+0	+1	14.47
Nova Scotia Pr. 15¾ 89	75	104	108	+0	−0	14.18
Ontario Hydro 14¾ 89	150	106	106	0	+1	13.36
Ontario Hydro 15 92	150	106	106	−0	+1	13.87
Pac. Gas & El. 15½ 89	45	104	105	−0	+2	14.24
Philips Petrol 14 89	200	102	103	−0	+1	13.30
Saskatchewan P. 15 92	150	104	104	0	+1	14.16
Shell Canada 14¾ 92	125	102	102	0	+0	13.87
Superior O.S. Fin. 14 89	125	102	103	−0	+1	13.37
Swed. Exp. Cr. 15¼ 89	100	102	103	−0	+0	14.44
Swed. Exp. Cr. 14¾ 90	100	100	100	−0	+0	14.61
Swed. Exp. Cr. 0.0 94	200	21	21	−0	+0	14.25
Texas Eastern 15¾ 89	60	102	102	−0	+0	15.10
Union Carbide 14¾ 89	150	103	104	0	+2	13.79
Wells Fargo Int. 15 87	75	101	102	0	+2	14.25
World Bank 14¾ 87	300	102	103	+0	+1	13.32
World Bank 15 87	200	104	105	+0	+2	13.57
World Bank 15 88	150	104	105	−0	+1	13.64
Xerox Fin. 14 87 WW	100	102	102	−0	+1	13.21

Average price changes... On day 0 on week +1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asn. O. B. 9¼ 92 (Apr)	150	99	99	0	+0	9.34
Asn. O. B. 9¼ 92 (Aug)	150	99	99	0	+0	9.34
Austria 8¾ 92	100	96	97	−0	+0	8.80
Barclays 8¾ 92	100	97	97	+0	+0	8.75
Black and Decker 9¾ 89	100	102	102	+0	+1	8.65
Bowater Int. Fin. 8½ 89	50	96	96	0	+0	9.28
Caisse Nat. Tele. 9½ 92	100	101	101	+0	+0	9.25
Canada 8½ 89	200	102	103	−0	−0	7.97
Cred. Foncier 8¾ 92	100	97	98	+0	+0	9.06
EIB 8½ 92	100	98	98	−0	+1	8.62
Int. Am. Dev. Bk. 9 92	150	99	99	+0	+0	[illegible]
ITT Antilles 9¾ 92	100	102	102	+0	+1	[illegible]
Nacnl. Financiera 11 90	150	83	85	+1	+1	14.63
Norsk Hydro 8½ 92	100	101	102	+0	+1	8.22
Norsk Hydro 9 92	100	103	103	+0	+0	8.46
OKB 8½ 89	100	99	100	+0	+0	8.67
OKB 9 94	75	98	99	+0	+0	9.14
Philips Lamps 8½ 92	100	101	102	+0	+0	8.24
Philip Morris 8¾ 90	100	101	102	+0	+0	7.85
Renfe 10 92	100	100	100	0	+0	9.94
SNCF 8¾ 92	100	98	99	0	+0	8.83
Tenneco Int. 9 92	100	100	100	+0	+0	8.93
World Bank 8½ 92	200	98	98	−0	+0	8.66
World Bank 9 92	200	101	101	+0	+0	8.82

Average price changes. On day +0 on week +0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 7 92	100	99	100	+0	+0	7.01
Austrian Elec. 6¾ 92	100	100	100	0	−0	6.70
BNP 6¾ 92	100	99	99	0	−0	6.82
Eldorado Nuclear 6½ 92	100	103	103	+0	+0	6.00
Elec. de France 6½ 92	100	101	101	+0	+0	6.65
Elec. Power Dev. 6¾ 92	100	103	103	+0	+0	6.01
Ind. Fund Finland 6¾ 92	30	100	100	+0	−0	6.75
Japan Dev. Bank 6 94	100	101	101	+0	0	6.82
Kansai El. Power 6¾ 92	100	102	103	−0	−0	6.34
[illegible] 7 92	75	103	103	0	+0	6.56
Lonrho Int. Fin. 7½ 92	80	93	93	0	+0	8.48
Mont Blanc Tun. 7¼ 97	70	102	103	0	−0	6.72
Nafinsa 8¾ 92	80	73	74	0	+1	13.14
Natomas O/S F. 7¾ 90	75	103	103	0	−0	7.04
New Zealand 6 92	100	102	102	0	0	5.84
Nippon Tel & T. 6½ 92	100	104	104	−0	+0	5.80
NYK 6¾ 92	100	99	100	0	0	6.78
OKB 7¾ 92	100	103	103	+0	+0	6.80
Quebec Hydro 6¾ 92	100	103	103	0	0	6.19
Renfe 7¾ 92	80	96	96	−0	+0	8.25
Sumitomo Metal 6½ 92	100	99	99	+0	+0	6.68
Svenska Handels 6¾ 92	100	98	99	−0	−0	7.02
Swed. Exp. Cred. 7¾ 91	100	101	101	+0	+0	7.07
[illegible] 6¾ 92	100	97	98	−0	+0	6.39
TNT O/S Fin. 6¾ 92	200	97	97	+0	+1	7.29
World Bank 7¼ 92	100	103	104	−0	+0	6.66

Average price changes... On day 0 on week +0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¼ 92	15	97	98	−0	−0	8.57
Inter-Amer. Dev. 8½ 92	15	101	102	−0	−0	8.42
Japan Airlines 7¾ 87	8	98	98	−0	0	8.32
New Zealand 8¾ 87	15	99	100	0	−0	8.40
World Bank 8½ 92	20	98	99	−0	−0	8.50

Average price changes... On day −0 on week −0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Br. Col. Tel. 17¼ 89 C$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Utilities 17 87 C$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz Metro 17¼ 90 C$	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 16½ 88 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q. Hyd. 16½ 89 (M) C$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Univ. Queb. 16½ 87 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nwy. 9½ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro Bk. 10 87 (A) Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro Bk. 10 87 (A) Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Mees & H. 10 87 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 87 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 10½ 87 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 10½ 87 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 14 88 FFr	400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et C. 14¾ 86 FFr	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14½ 90 £ (D)	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 14½ 87 £	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13½ 91 £	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13½ 88 £	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. Ex. Cred. 13½ 86 £	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12½ 89 £	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hiram Walker 14½ 86 £	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norsk Hydro 14¾ 97 £	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privatbanken 14½ 88 £	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 15½ 87 £	35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov. 14½ 89 £	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reed (Nd) NV 16¾ 89 £	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco 14 86 £	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR France 15½ 92 £	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. 13½ 86 £	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tenneco Int. 14½ 87 £	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coun. Eur. 12½ 92 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10½ 87 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. of Tokyo 5⅜ 91 (D)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Nova Scotia 5⅜ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 5⅜ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Caisse Nat. Tels. 5⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 5¼ 2002	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CEPME 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chemical NY 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Agricole 5⅜ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit du Nord 5⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Nat. 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 5⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansallis Osake 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin 5⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term Cred. 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. P. Morgan 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. Fin. 5⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 5⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Offshore Mining 5⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PKbanken 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scotland Int. 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sec. Pacific 5⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Societe Generale 5¼ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 5⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toronto Dominion 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week +0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bow Valley Inv. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bridgestone Tire 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 6¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 7 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chugai Pharm. 7¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu Fanuc 4¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Furukawa Elec. 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cable 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cred. Cpn. 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor 5½ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kawasaki 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marui 6 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minorco 9¾ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NKK 6½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Electric 5½ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Orient Finance 5¾ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Elec. 5¾ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Met. 5¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minebea 6½ 92 SwFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konishiroku [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi H. 0 89 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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September 24, 1982

INTERNATIONAL COMPANIES AND FINANCE

TOUGH YEAR FOR TRUCKS AND TRACTORS

Car side holds up well at Fiat

BY RUPERT CORNWELL IN TURIN

CONSIDERABLE improvements this year in the car operations at Fiat are likely to be cancelled out by the difficulties facing the Turin concern's lorry, tractor and earth-moving equipment division.

These mixed trends within Fiat emerged from the joint announcement yesterday of the group's consolidated accounts (the first-ever published) covering 1981, which showed a net profit of L90bn ($64m), and its performance in the first half of 1982.

Sales, on a consolidated basis, climbed by 11.6 per cent in the 1982 half-year to L10,672bn ($7.6bn) from L9,642bn, an increase well below the rate of inflation in Italy.

But while Fiat Auto, the car division, boosted turnover by 14.5 per cent to L5,494bn ($3.9bn), the heavy and industrial vehicle division has been badly hit by the continuing slump in international markets.

The most visible deteriation was at Iveco, Fiat's lorry division, where turnover in the first half declined by 5 per cent in money terms to L2,190bn, reflecting a drop of almost 17 per cent in unit sales. This in turn followed a cut in orders from OPEC members.

Volume sales of tractors held up despite a 20 per cent contraction in the domestic market, but Fiat-Allis, the earth-moving equipment manufacturer, was forced to cut output by 15 per cent, as orders fell worldwide.

Fiat yesterday confirmed earlier assessments that overall consolidated earnings will be little changed this year—masking a severe worsening of operating conditions between the first and second halves of 1982.

According to Sig Francesco Paolo Mattioli, the group's general manager, Fiat's ability to maintain earnings despite the tougher international market conditions reflected an improvement in market shares and the disposal of some of the group's biggest loss-making subsidiaries.

Fiat Auto lifted its share of the European market in the first six months to 13.6 per cent from 13.5 per cent in the same period of 1981.

At the same time, the sale of the group's car operations in Argentina will benefit the accounts. Total debt had fallen by L300bn at mid-year to L6,500bn, while the net financial position of Fiat Spa, the group's holding company, had improved by L100bn to L1,030bn by June, 1982.

Further benefits will flow from the transfer of control of most of Fiat's loss-making steel division (Teksid) to the state-controlled Finsider group with effect from October 1, following approval of the transaction this week by the EEC Commission in Brussels.

The Turin concern's drive to improve productivity and cut labour costs is reflected in a further drop in its worldwide workforce on June 30 to just under 237,000, down almost 23,000 from the figure of 12 months earlier. Capital spending during the half year rose steeply to L467bn from L250bn.

Once again, Fiat has drawn strength from the performance of its smaller divisions like components, production systems, railway equipment, aviation and telecommunications.

Sig Mattioli also announces that the long-planned components deal with Alfa Romeo, the publicly-owned Italian car maker, was almost ready.

New dawn in Italian accounting

THE 1981 consolidated accounts produced by Fiat yesterday break new ground for an Italian group. The accounts, which cover 432 fully controlled subsidiaries and 126 associate companies in 60 countries, were drawn up by Arthur Andersen, the international accountants, and are in line with criteria laid down by the International Accounting Standards Committee, writes Rupert Cornwell.

The picture to be drawn is one of a soundly-based group, which has managed to overcome the acute difficulties of the late 1970s. Net earnings of L90bn in 1981 compare with an estimated consolidated loss of L240bn for 1980—the year which marked the nadir of Fiat's fortunes.

Net sales, embracing only companies in which Fiat had majority control—totalled L20,310bn ($14.5bn). If associates are included the figure rises to L22,300bn. The group made a gross operating profit of L1,533bn, equivalent to 7.6 per cent of turnover, a level that the company aims to improve. Pre-tax earnings were L187bn, while total cash flow reached L1,040bn.

Total net debt at the end of 1981 stood at L7,035bn, of which 45 per cent was short term and 55 per cent long term. This compares with net assets of L3,590bn at the end of last year, equivalent to L5,317 per outstanding share, against a recent bourse share value of just over L1,600. Fiat's consolidated 1981 balance sheet totalled L22,847bn ($16.3bn).

Of the overall sales make-up, almost 42 per cent or L9,578bn was generated by the car division, and 23 per cent or L5,330bn, by industrial vehicles, grouped around Iveco. These two divisions, moreover, accounted for over L5,300bn of overall debt.

INI move to streamline paper operations

BY ROBERT GRAHAM IN MADRID

INI, the Spanish state holding company, is rationalising its pulp and paper marketing activities, grouping them into a newly formed company, Dispap. Subsequently, companies from the private sector could join Dispap.

Dispap will act as a holding company for INI's three principal pulp and paper producers—Ence, Papelera del Mediterraneo and Ibersilva. The main shareholder will be Papelera del Mediterraneo with 74 per cent, followed by Ence with 25 per cent.

Combined sales of the three companies top Pta 23bn ($205m), of which Pta 6bn are exports, primarily accounted for by Ence. The latter sends 40 per cent of its exports to the EEC and one of the prime objects of the rationalisation is to prepare INI's pulp and paper division for Spanish entry into the European Community.

It also aims to trim current marketing costs in an effort to streamline the companies which in the past three years have either been in the red or barely breaking even.

The industry as a whole comprising some 250 companies has been badly hit by reduced demand and steeply rising production costs.

Competition from cheaper produced pulp in neighbouring Portugal and other north European countries have added to the problems of an industry until now highly protected by tariffs and quotas. For instance, Spanish newspapers and publishers receive a subsidy to buy Spanish newsprint to prevent them from using cheaper imports.

About 14 companies control 60 per cent of the production but the average production of 10,000 tons a year is almost half the average for EEC.

Imetal plunges into red in first half

By David White in Paris

IMETAL, the French metals group, plunged into loss in the first half of this year and said that production cuts would be needed shortly at Le Nickel, the New Caledonia mining venture which it owns jointly with the state-controlled Elf-Aquitaine oil concern.

Consolidated first-half figures for Imetal, in which state interests now hold a majority of shares, showed a loss of FFr 248m ($35m) following a halving of its profits in 1981.

Leaving aside exchange losses on medium and long-term borrowings, the deficit was FFr 199m, compared with a profit of FFr 42m in the same period last year.

The depressed state of the markets made its impact on turnover, which fell 4 per cent from 1981 first half levels to FFr 4.6bn.

Le Nickel showed a loss of FFr 230m compared with FFr 135m in the same period last year, including exchange losses. Sales tumbled to FFr 747m from FFr 924m. Total volume at 18,900 tonnes was higher than the previous six months' 16,700 tonnes, but well below the 1981 first half figure of 24,700 tonnes.

In order to adapt to the deterioration in market conditions, activity would have to be cut both in New Caledonia and at the Le Nickel processing unit at Sandonville, near Le Havre, Imetal said.

Imetal and Elf-Aquitaine recently agreed each to put up a FFr 300m interest-free advance to Le Nickel. Imetal's share was funded through a capital increase, which was almost entirely subscribed to by ERAP, the holding company for Elf-Aquitaine.

As a result, ERAP now holds 30 per cent of Imetal, two of whose principal banking shareholders—Banque Rothschild and Indosuez—came under the Government's nationalisation programme earlier this year.

Rhone-Poulenc closure plan to go ahead

By Our Paris Staff

UNIONS WERE told yesterday by M Loik Le Floch-Prigent, the former Ministry official who has taken over the chairmanship of Rhône-Poulenc, the nationalised chemicals concern, that the company plans to press ahead with closure of uneconomic units in its troubled textile division.

M Le Floch-Prigent made clear that the group would not reconsider its decision regarding nylon-spinning operations at Besançon in eastern France, where production was halted at the end of June, and would go ahead with the axing of a viscose fibre plant at Roanne, north-west of Lyons, currently employing 380 people.

Activity at the Roanne plant, where monthly losses have come to exceed the total payroll, is to be phased out.

Elektrisk Bureau

Norwegian telecomunications group, Elektrisk Bureau, is 25.2 per cent-owned by L. M. Ericsson of Sweden. The company is not a subsidiary of Ericsson as wrongly reported earlier this month.

Dutch pension fund plans to take over Wereldhave

BY WALTER ELLIS IN AMSTERDAM

PGGM, the largest private pension fund in the Netherlands, plans to make a bid for Wereldhave, the Dutch-based international property group.

No details have been given. But with the current market capitalisation of Wereldhave at Fl 345m and its net asset value calculated at Fl 511m, it is thought that a successful bid would have to be worth at least Fl 450m ($164.4m).

On this basis, the deal would be the biggest deal of its kind in the Netherlands this year and would take PGGM straight into the major league of international property investment.

Earlier this month, Wereldhave was shaken by the abrupt departure of Mr Willem Van Dijk, its dynamic, long-serving executive chairman, who announced that he was leaving at his own request to pursue fresh interests. It is not known if this management change had any bearing on PGGM's approach.

PGGM said in a statement yesterday that it would be seeking a meeting with the senior management and directors of Wereldhave as soon as possible. It is understood that preliminary soundings have already been taken. Details of any offer must be revealed within a month under Dutch company law.

Wereldhave, which recorded an investment income of Fl 42m for the first six months of this year and a direct investment result of Fl 13.2m, has important property investments throughout Europe and North America. Its portfolio at the start of this year was valued at Fl 1.12bn, and results for 1982 as a whole were expected to be at le[ast] equal to those for 1981.

PGGM represents the pens[ion] funds of some 7,000 employ[ers] and some 360,000 employees. [At] the end of 1980—the la[test] period for which figures [are] available—it had total inv[est]ments of Fl 9bn.

It already possesses subst[an]tial property interests in [the] Netherlands and also has es[tab]lished estate holdings in W[est] Germany, Britain, and Fra[nce]. More recently, it has built holdings in the U.S., con[cen]trating in the southern st[ates] and Washington DC.

Wereldhave's large and w[ell] managed U.S. portfolio [of] properties is an obvious attr[ac]tion to any bidder. In PGG[M's] case, Wereldhave would [also] provide the pension fund w[ith] property management exper[tise].

Increase in profits and dividend at Swiss Re

BY OUR FINANCIAL STAFF

DESPITE unprofitable underwriting, Swiss Reinsurance has improved parent company net profits for 1981, and is stepping up its dividend.

Parent net earnings have risen to SwFr 80.2m ($37.5m) from SwFr 76.2m in 1980. The gross dividend on the bearer shares is being lifted to SwFr 105 a share from SwFr 100.

Earnings from reinsurance business deteriorated but income from investments again rose. Net premium volume rose by 1.8 per cent which compared with a 1980 net rise of 11.2 per cent. This slower growth was due both to a depreciation of currencies against the Swiss franc and to a "policy of restraint in writing new reinsurance contracts."

Swiss Re emphasised that it will continue to exercise restraint on new underwriting in "view of unsatisfactory profitability of the reinsurance business in many world markets."

Earlier this year Swiss Re told shareholders to expect improved results for 1981. This forecast—made in May—followed a decline in group net profits in 1980.

Despite growth of around a sixth in group premiums in 1980, total after-tax profits dipped to SwFr 95m, from SwFr 105m a year earlier.

Nokia to buy Finnish Chemicals

By Lance Keyworth in Helsi[nki]

NOKIA Corporation, the larg[est] private sector industrial gr[oup] in Finland, is to take over [Finn]ish Chemicals for an undiscl[osed] sum.

The three equal owners [of] Finnish Chemicals now are [Im]perial Chemical Industry of [the] UK, Solvay of Belgium and E[nso-]Gutzeit, the state-owned Finn[ish] company with interests in for[estry,] engineering and shipping.

Finnish Chemicals, which [had] 1981 sales of FMk 3[...] ($68m), has a chloralkali fact[ory] in Aetsa and a chlorate fact[ory] in Joutseno. It is building [a] chlorine factory in Jouts[eno] costing FMk 200m for com[ple]tion in 1984.

Most of the chlorine is [used in] bleaching Pulp. The acquisit[ion] fits Nokia's plans to develop [its] forest products division. A[s] Nokia power division has a [sur]plus of power and the produc[tion] of chlorine is a heavy c[on]sumer of electricity.

Nokia reported a 27 per c[ent] rise in sales in 1981 to F[Mk] 5.92bn. The electronics divis[ion] showed the strongest grow[th,] posting a 59 per cent rise [to] FMk 968m.

At a time when much of [Fin]nish industry is taking a ca[uti]ous view of investments, No[kia] said at the beginning of [the] year it was planning cap[...] group, Elektrisk Buearu, [...] 1982.

Generali shows growth

BY JAMES BUXTON IN ROME

ASSICURAZIONI Generali, Italy's biggest insurance company and the leading blue chip on the Milan Stock Exchange, reports a 15 per cent rise in premium income for the parent company in the first half of 1982.

Income amounted to L945.7bn, of which some L262.9bn was life assurance, and the remainder damage insurance. Premium income from 35 subsidiaries amounted to L1,668bn ($1,186m) in the same period, of which all but L155.6bn was earned abroad.

This represents a rise of 19 per cent, and brings premium income for the whole Generali group to L2,613.7bn for the first half of 1982.

The company had a net income of L145.1bn in the first half of the year from an investment portfolio of L3,620bn. This represents an improvement of 29.1 per cent.

All of these Securities have been sold. This announcement appears as a matter of record only.

U.S. $100,000,000

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September 22, 1982

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NEW ISSUE — September 16, 1982

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Companies and Markets **INTL. COMPANIES & FINANCE**

TNT shows record profit despite second-half setback

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THOMAS NATIONWIDE Transport, Australia's largest transport concern, produced a record profit for the year to June, though all the improvement was telescoped into the first six months.

Overall, the year's net profit showed a 17.9 per cent gain, to A$62.6m (US$60.1m), but as the economy turned down and higher costs took their toll, earnings in the second half showed a 19.1 per cent fall, from A$27.2m to A$22m. This compared with a first half profits gain of 56.7 per cent, from A$25.9m to A$40.6m. Sales for the year totalled A$1.25bn, up 29.2 per cent.

Interest payments were substantially higher at A$43.6m, against A$27.9m previously. However, the group said that none of its loans were at interest rates higher than 10 per cent.

An unchanged dividend of 12 cents per share has been declared though the pay out totalled A$21.8m, against A$15.8m last year, because of share issues during the year. Earnings per share were 31.2 cents, against 36.3 cents a share previously.

Tax payments totalled A$19.1m, a big reduction on the A$33.6m paid a year earlier, partly because of new investment allowances.

Excluded from the result were extraordinary losses of A$5.9m, including a write off of A$3.5m on oil and gas exploration.

Equity accounted profits from associate companies totalled A$30.2m, against A$19.8m previously, an important contributor being Ansett, the country's independent airline. However, Trans Freight Lines, the group's North Atlantic shipping concern, showed a loss of about A$4m.

● Hanimex, the Sydney-based photographic and leisure group, has reported a net loss for the year ended June of A$2.5m (US$2.3m) against a net profit of A$2.56m a year earlier. Sales, however, were strongly ahead at A$171.4m from A$152.1m.

The company will pay no final dividend although it paid 4.5 cents a share at the interim stage against a total of 9 cents for all of last year.

The net profit was struck after tax of A$1.9m (A$2.55m a year earlier), depreciation of A$1.5m (A$1.91m) and interest payments nearly doubled to A$7.8m (A$4.3m).

The losses were caused primarily by a great deterioration in trading in nearly all countries in which Hanimex operates and this downturn had a particularly severe effect on the photographic industry.

A substantial proportion of the loss was incurred in the U.S., where action is being taken to minimise exposure and to reduce the size of operations.

Hanimex's UK unit made a lower contribution than last year but is still satisfactory.

Taipower in $325m loans deal

By Robert Cottrell in Hong Kong

TAIWAN Power Company is awaiting Government approval for US$325m in loans from a syndicate led by Bank of America and Lloyds Bank International.

If approved, the funds would be split into two portions: $225m in direct loans to finance purchases of equipment and engineering services for Taipower's expansion projects, and $100m in floating rate notes.

An official of the Bank of America's Taipei branch said the $225m will bear interest of ⅜ per cent over London inter-bank offered rate with a term of 10 years. In addition, the loan carries an annual commitment fee of ¼ per cent of the undrawn portion.

The FRNs carry interest of ¼ per cent over Libor, the official said.

Both loans must be guaranteed by Taiwan's Finance Ministry. The $225m portion has already been so guaranteed, but must also have the approval of the Cabinet.

Extraordinary gains boost result at Waltons Bond

BY OUR SYDNEY CORRESPONDENT

WALTONS BOND, the property and retailing arm of the Bond Corporation Holdings of Perth, has reported total earnings of A$22.5m (U.S.$21.9m) for the year to July 31 against a comparable profit of A$8.2m in 1980-1981.

The performance, however, relied almost exclusively on extraordinary profits of A$20.1m (A$3.7m) derived from property sales.

At the net profit level, there was a A$2m equity accounted contribution from the 50 per cent owned Barclays Credit Corporation.

The group's retail interests produced a profit of only A$673,000, on sales of A$392m, against A$2.6m previously reflecting the generally depressed state of the Australian retail sector as a whole. The dividend is 7.5 cents a share against 3.75 cents a share formerly. Interest costs were A$10.5m against A$8.7m last year.

Strong earnings advance at Hong Kong gas utility

BY OUR HONG KONG CORRESPONDENT

Hong Kong and China Gas Company, a publicly-quoted utility, has announced interim profits to June 30 up from a prior year HK$25m (US$4.9m) to HK$35.2m after tax.

Earnings per share rose to HK$1.63 from HK$1.16, while the second interim dividend (there are four distributions in the year) meets the forecast of 26 cents made in the last annual report. At that time, Mr R. C. Lee, chairman, forecast a total dividend for the current year of not less than HK$1.32 a share.

Mr Lee reports turnover up from HK$219.6m to HK$270.6m because of increased numbers of customers and the restoration of full mains water following a period of rationing. In respect of a property joint venture at Kennedy Town announced last year, Mr Lee says that development plans have been resubmitted to the authorities follow amendments, while China Gas has received the balance of HK$32.6m due to it from its project partner.

● The Hongkong and Shanghai Banking Corporation, Hong Kong's largest bank, has been granted permission to open a representative office in the Chinese special economic zone of Shenzhen, just over the border from Hong Kong, provides an attractive fiscal climate for foreign investors into China. According to reports of a Chinese draft development plan for Shenzhen, its gross domestic product in the current year is expected to total around US$420m.

The office is the Hong Kong bank's fourth in China. It has also recently received permission to open a representative office in Taipei, Taiwan.

Tai Shing Development plunges into the red

BY OUR HONG KONG CORRESPONDENT

HONG KONG'S battered property market is reflected in a series of company results, which include losses at Tai Shing Development Company. After last year's interim profit after tax of HK$119.7m (US$19.6m) Tai Shing has dropped into the red, with a net loss of HK$36.2m for the six months to June 30. The interim dividend is cut from 6 cents to 3 cents.

The majority of Tai Shing's income comes from share dealing, and the bulk of quoted shares in Hong Kong represent property assets. Tai Shing was hit both by a poor dealing performance in the half and by the writing down to conservative levels, it says, of the value of its "book" of investments.

Mr C. K. Heung, chairman, says the property market in Hong Kong will be stagnant for some time to come, due to over-supply, and political uncertainty overhangs both property and stock markets.

Another property tumble has been taken by New Town Properties reporting full-year profits to June 30 of HK$200.4m, falling short of its February, 1981, prospectus forecast of HK$300m. The directors claim, however, that the performance is "satisfactory" in the context of the depressed market. The dividend is 15 cents a share as forecast.

The company reports an encouraging level of preliminary inquiries for its New Town Plaza development in the New Territories. It also says its Royal Garden Hotel in Hong Kong has performed exceptionally well in showing a gross profit in its first year of operation. The company says the short-term outlook for Hong Kong property is poor, but pins its hopes on a rebound if good news is forthcoming on the territory's political future.

Chuang's Properties has also missed its prospectus forecast, reporting for the year to June 30 a profit after tax of HK$12.7m against a prospectus forecast of not less than HK$20.5m excluding any income from the HK$85m worth of shares which were issued in September, 1981, the time of the prospectus. The prospectus forecast of 6 cents dividend now payable has been marked down to 3 cents in view of the results.

Wah Kwong Properties Group has announced slightly higher profits for the year to June 30. Profit (after tax and minorities) of HK$131.6m compared with a prior year figure of HK$117.7m. Extraordinary losses of HK$8.4m contrast with prior years HK$2.5m resulting in attributable profits for 1982 of HK$123.1m against the prior year's HK$120.2m.

A final dividend of 7 cents makes 12 cents a share for the year, against an adjusted prior year's 10.9 cents. Stated earnings per share showed a slight advance, from 31 cents to 32 cents, adjusting for the intervening one-for-10 scrip issue.

Malaysian lottery ahead

BY WONG SULONG IN KUALA LUMPUR

MAGNUM CORPORATION, the Malaysian lottery organisation, has reported a 40 per cent increase in operating profits to 21.3m ringgit (U.S.$9.1m) for the six months ended June on the strength of higher lottery sales. Group turnover rose 5 per cent to 331m ringgit.

Profit after-tax and minority interesters but before extraordinary items, amounted to 7.7m ringgit, a rise of 70 per cent.

However, this time, there was only a gain of 1.7m ringgit on extraordinary items, compared to gain of 21m ringgit previously from the sale of investments.

Profit attributable to shareholders this time came up to 9.4m ringgit compared with 25.6m ringgit previously.

The group is maintaining its interim dividend at 5 cents.

Scandinavian Finance B.V.

(Incorporated in the Netherlands with limited liability)

£20,000,000

Sterling Floating Rate Notes 1990

Guaranteed on a subordinated basis by

Scandinavian Bank Limited

(Incorporated in Great Britain with limited liability)

For the three months

23rd September, 1982 to 23rd December, 1982

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 11⅞ per cent and that the interest payable on the relevant interest payment date, 23rd December, 1982 against Coupon No. 10 will be £27.74.

Agent Bank:

Morgan Guaranty Trust Company

London

INTERNATIONAL COMMUNICATIONS TECHNOLOGY HOLDINGS S.A.

Société Anonyme, R.C. Luxembourg B18101

CONSOLIDATED (UNAUDITED) BALANCE SHEET

at 30 June, 1982

(Currency US Dollars)

FIXED ASSETS	2,989,753
FINANCIAL ASSETS	1,387,173
TOTAL ASSETS	4,376,926
CURRENT LIABILITIES	108,416

CONSOLIDATED (UNAUDITED) PROFIT AND LOSS STATEMENT

at 30 June, 1982

(Currency US Dollars)

REVENUE EARNED	1,411,341
PROFIT	529,272

17 September, 1982

Copies of the Interim (Unaudited) Accounts are available from Kredietbank SA Luxembourgeoise 43 Boulevard Royal, Luxembourg

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GOLD FIELDS of South Africa Limited

(Incorporated in the Republic of South Africa)

Chairman's Review

As predicted last year, the profits of Gold Fields of South Africa Limited declined in line with the expected reduction in the gold price. Notwithstanding a drop in earnings from 1 021 cents per share to 807 cents per share, it was possible to maintain the total dividend distribution at 500 cents per share. This resulted in a decline in the dividend cover from 2,0:1 to 1,6:1.

WORLD ECONOMY

Throughout the past year the United States Administration has continued with its endeavours to maintain tight control over the United States economy. In the field of monetary policy, the Federal Reserve Board has endeavoured to control increases in the money supply within low and narrow limits. The result has been high interest rates in both nominal and real terms. The effect of this policy on the United States economy has been profound and far from painless. The deepest post-war recession has been the result and the consequences have been felt throughout the world. The greatest relative sufferers have been the middle and lower income countries, particularly those whose economies depend on the export of primary products. Those countries, many of whom have practised less than sound economic policies in the past, have found it extremely difficult to cope with the prevailing conditions. Many are close to bankruptcy and are being kept afloat by the major lenders in order to avoid the financial disaster which would arise should there be a major default.

Unfortunately the main thrust of economic policy in the United States has been maintained in the monetary area and the Administration has been less successful in implementing an appropriate fiscal policy. The spectre of large and growing budgetary deficits remains a weak link and increases the uncertainty about future developments in the United States. Nevertheless, the policies, as applied, have had a positive effect on the rate of inflation, which had been reduced to 7,1% at the end of June 1982.

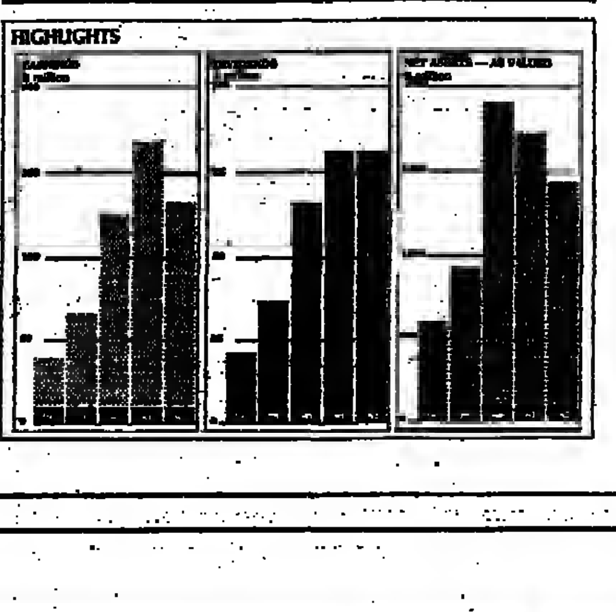
The world-wide economic downturn has led, *inter alia*, to a substantial curtailment in the demand for mineral products with the result that prices of most metals and minerals have declined sharply; in many instances to the lowest levels in real terms that have prevailed since the early 1930's. The major components of the mining industry on a world-wide basis have therefore experienced an extremely difficult year. Operations have been curtailed at many mines and others have suspended operations altogether. Most hard rock mining companies, outside of South Africa, are operating at a loss and those with large debt burdens have suffered particularly severely. Unfortunately the major mineral producing countries in the less developed world have not responded to events in the manner which would be expected in the free enterprise system. Production has been maintained and, in some cases, increased in order to maintain the short-term flow of foreign exchange earnings.

SOUTH AFRICAN ECONOMY

During the past year the expected downturn in the South African economy has gathered momentum under the influence of the recession in the world economy and, therefore, a reduced demand for and price of major export products. The current account of the balance of payments continues to run at a major deficit with the result that the exchange rate of the rand *vis-a-vis* the dollar has declined markedly in terms of the flexible policies which have been adopted by the monetary authorities.

Interest rates have risen substantially in money terms and yet, in real terms, remain at a relatively low level by current international standards. This emphasises a major structural weakness in the South African economy which is the result of a complex set of factors. I refer to the inflation rate, which was running at 16,1% in June 1982; some 9% above the level prevailing amongst South Africa's main trading partners. This is clearly untenable. It is imperative that control of inflation is firmly recognised as the number one economic priority in South Africa. Until such time as this problem has been properly dealt with, it will not be possible to contemplate sustained growth at the level which is essential for the advancement of all South Africa's peoples.

The mining industry in South Africa, which is predominantly an export industry and therefore subjected to the consequences of developments in the world economy, has nevertheless fared better than its counterparts elsewhere in the world, primarily because the marked decline in the value of the rand has partially offset the decline in international prices. Nevertheless, many sectors of the industry are experiencing a reduced demand for their products and curtailments in the scale of production have had to be implemented. Inflation in the cost of mining production remains a very serious problem. Although the rate of escalation of costs moderated during the second half of the year, the increase of 14,5% in the average cost per ton milled for the half year to June 1982, as compared to that for the half year to June 1981, is unacceptable.



GROUP OPERATIONS

Over the past five years the group has developed technical and financial strategies to meet most eventualities which will arise from fluctuations in the demand for individual mine's products and prices of those products. All the operating companies, except Black Mountain, have built up financial reserves to permit them to continue to pursue the correct technical policies in adverse circumstances. As a result they have been able to pursue their essential capital programmes notwithstanding the decline in profitability in most cases.

Black Mountain has been the exception to the general rule in that it is the one company in the group which has a substantial loan indebtedness. As a result of sharply lower prices for its products and the exceptionally high interest rates which have prevailed in the last six months, its operating profit was insufficient to service its finance charges. In March 1982 it was necessary to arrange short-term finance to enable the company to meet its loan repayment obligations. Since the year end it has been necessary to make arrangements to roll-over, for six months, the loan repayments due in September 1982, and to increase the company's short-term facilities. Unless there is a dramatic change for the better in the demand for its concentrates, the price of its products and/or a reduction in its finance charges, consideration will have to be given to a major reorganisation of its financial structure in the March quarter of 1983. The group continues to have confidence in the medium to long-term prospects for the mine.

MANPOWER

The group's primary objective in the manpower field is the elimination of discrimination. This was a relatively easy task within the Head Office environment and no problems are being experienced with the non-discrimination employment practices which were introduced a number of years ago.

Progress on the mines remains a great deal slower than one would like to see. On the one hand this is due to legal restrictions and, on the other, to well-entrenched trade union and employee attitudes. These problems are being tackled on two fronts. Firstly, through the Chamber of Mines which acts as the industry's agent in negotiations with employee bodies. Negotiations in this area are highly complex and progress is slow.

Secondly, there is the need to make progress at mine level in those areas where legal restraints do not exist. This involves extensive discussion with representatives of the employees concerned, to ensure that the employment practices based on discrimination can be replaced by suitable alternatives based on merit. Past experience has shown us that progress can be made provided the necessary assurances can be given that existing employees will not be prejudiced and that the membership of employee bodies will not be undermined. During the past year we have been able to collaborate with one of the employee organisations in encouraging black employees, employed in appropriate occupations, to become members of that organisation. This is a development which we would like to encourage in that it ensures that the employees concerned will be properly represented by people who are well versed in the requirements of their occupations. Unfortunately a number of the unions involved in the mining industry have not altered their constitutions to eliminate the provisions providing for restrictions in membership based on colour. It is to be hoped that as many unions as possible will make the necessary adjustments to their constitutions and thus facilitate progress.

The group intends to open up employment opportunities on its mines on the West Wits Line to Coloureds and Indians. In the past one of the main stumbling blocks has been the lack of suitable accommodation in the area. Permission has now been obtained for the establishment of adjoining townships for both racial groups. Work is expected to start shortly on the servicing of the townships and money has been voted for the building of suitable accommodation. It is hoped to commence the employment, on a merit basis, of people from these racial groups in the near future.

One of the most complex problems relating to the removal of discrimination in the semi-skilled occupations is the establishment of appropriate market-related wage scales. Some years ago the group established its own objectives in this area and designed a unified wage curve applicable to the whole spectrum of unskilled to skilled workers. This allows workers to increase their earning capacity in accordance with their own ability and emphasises that the gap in earnings should relate to skills. This concept is entirely consistent with the basic thinking within the Chamber of Mines. Good progress has been made towards achieving our objective, but unfortunately the process cannot be achieved overnight. It is complicated by the fact that certain black employees do have markedly different views on the relative worth of different occupations. Traditionally they have given more weight to physical effort than to the skill and decision-making factors which are the cornerstone of modern job evaluation techniques. It is clear that this was one of the main causes of the labour unrest which occurred on certain of the group's gold mines at the time of the latest wage increase for black employees. The great majority of our employees have accepted the position and those who have decided to sever their employment have been replaced without any difficulty by new recruits who were attracted by the wage rates offered.

NEW BUSINESS

Immediately prior to the end of the year under review, the Minister of Mineral and Energy Affairs formally approved the granting of the lease over the North Driefontein area which will, in terms of the merger between East Driefontein and West Driefontein, be mined by Driefontein Consolidated Limited. I would like to express my sincere appreciation of the assistance which was received from the various Government Departments concerned, without which the complex merger could not have been concluded. What could have been a simple scheme was complicated by the unnecessary complex web of laws affecting gold mining companies. In particular, the concept of the State subjecting gold mining companies to both a lease consideration and taxation at differing rates, makes the assessment of such a project extremely difficult. To my mind there is an urgent need to simplify the legal provisions and merge the various fiscal imposts into a unitary taxation system. Such changes could dramatically simplify the work of the Mining Leases Board and, in the case of the Driefontein merger, would probably have reduced the time taken between the first conceptual discussion and formal Ministerial approval by about 18 months.

Expenditure on exploration during the past year increased to a level which is consistent with our objectives. At R14,7 million the expenditure was slightly above the targeted rate and 96% higher than in the previous year. Exploration during the year has proven additional coal reserves and indicated a number of promising mineralised areas which will receive more attention in the future. During the year Gold Fields was informed that it has been provisionally awarded an allocation of one million tons of coal in the Phase IVa export allocation. The provisional allocation was extremely disappointing in that its size was quite unrealistic in relation to the contribution made by the group to setting up the original coal export business through Richards Bay and to the amount required to open up a new export colliery. *Appropriate representations are being made to the relevant* Government authorities.

The group continues to look for new business opportunities into which it can direct its cash flow. Arrangements were recently completed to underwrite a rights issue by the Tsumeb Corporation Limited which is one of the three major mining companies in South West Africa/Namibia. It is expected that this will result in the group becoming a major shareholder in that Corporation.

OUTLOOK

The next twelve months promise to be another difficult period. In the international context the United States economy is unlikely to recover with any great momentum. The probability is that there will be only a *minor upturn over the next six months and that thereafter the* recovery will continue at a modest rate unless the Reagan Administration reverts to expansionistic policies which would inevitably lead to a sharp upturn in the rate of inflation. Should this basic assessment of the United States economy prove to be correct, there is unlikely to be a major recovery in the demand for mineral products. As a result, it is unlikely that there will be a dramatic improvement in most international commodity prices.

Gold may, however, prove to be somewhat more buoyant. Fundamentally the demand for the metal has more or less moved into balance with the supply and thus foundations exist for stabilization of the price and, in due course, an upward movement. Subsequent to the price touching $296,75 on 21 June 1982, there was evidence that the stabilization process had begun and would continue for some time with prices fluctuating quite widely but essentially moving sideways. In the middle of August the price increased dramatically as a result of intense speculative activity. The near default of Mexico appears to have focussed attention on the state of the world economy and particularly its impact on the main debtor nations. This, together with the plight of large over-geared corporations, has generated uncertainty in the minds of a significant number of investors. The potential for major bankruptcies is very real and, should economic conditions deteriorate, investment in gold as the ultimate means of preserving assets could be substantially stimulated.

The group is budgeting on the basis that the rand value of gold will at least equal that which was obtained last year. On this assumption the prospects are for the group's earnings to be maintained at the level which prevailed last year. Should this eventuate it should be possible to maintain the dividend although the dividend cover of 1,6:1 is below that which the group would wish to see in the longer term. As I have indicated, there is the possibility that the gold price could move to a higher level than assumed, in which event an increase in earnings *should eventuate. In contemplating that possibility shareholders* should bear in mind the need to assess the gold price in rand terms; in other words, those who focus on the dollar price must keep the rand/dollar parity firmly in mind as any increase in the dollar price over a period is likely to have an impact on the exchange rate as the South African balance of payments position improves.

TRIBUTE

As I have sketched in this review, the past year has been a difficult one and it is therefore with considerable pleasure that I would like to express my appreciation of the contributions made by my fellow board members, the management of the group, both in Head Office and in the operating companies, the technical consultants and all the employees of the Gold Fields group of companies.

R. A. PLUMBRIDGE
Chairman

1 September 1982

This announcement appears as a matter of record only. September 1982

Pan Gulf Constructions Ltd.
Pan Gulf Constructions (Dubai) Ltd.
Gulf Contractors Ltd.

SR 94,982,014
Multi-Purpose Facility

Lead Managed by:
American Express Bank
International Group

Managed by:
Citibank N.A. | Manufacturers Hanover Trust Co. Bahrain Branch

Co-Managed by:
Burgan Bank S.A.K. | Kuwait Asia Bank E.C.
Middle East Bank Ltd. Dubai | Trans-Arabian Investment Bank E.C. (TAIB)

Agent:
American Express International Banking Corporation

Yoko Shibata looks at the growing use of sporting events to boost business and at a move to widen share ownership

Japanese play the sponsor game

AN increasing number of Japanese corporations are spending dollars by the million to sponsor sports events around the world in an effort to bolster their image. Most appear to be pleased with the results.

Four Japanese companies—JVC, Seiko, Canon and Fuji Photo Film—poured out Y2.3bn ($8.75m) for the privilege of posting their names around the stadiums in Spain where the World Cup football games were held this year. According to Dentsu, the Japanese advertising giant, the return was far greater than the companies had expected with over a billion television viewers catching flashes of the names. In 1986, such World Cup facilities will probably be swamped by Japanese companies, says Dentsu.

But this is only the tip of the iceberg. Japanese companies this year will spend about Y25bn to sponsor sports events, or about 1 per cent of the total advertising budget in Japan. In the UK, Japanese companies already sponsor six football clubs in the first division of the Football League, spending about £500,000 apiece for the rights to print their names on the players' shirts and post placards in the stadium for televised games. Four Japanese companies have already sought their way into the 1984 Los Angeles Olympics as official suppliers.

Suntory, the Japanese whisky distiller, sponsors World Matchplay golf in the UK, NEC, the telecommunication giant, backs tennis's Davis Cup and the NEC Federation Cup, and Toyota Motor sponsors Toyota Women's Circuits tennis. In total, Japanese businesses sponsor 70 amateur or professional sports events, in what are called Kanmuri Taikai (events carrying the sponsor's name), inviting international top-flight tennis players, golfers or marathon runners to Japan. If small local events are included, more than 300 business-sponsored sports events are being run this year.

The cost of "Kanmuri Taikai" ranges from several million yen to a record of Y700m. This was the cost borne by Toyota Motor, which presented the Toyota Cup professional football club championship, held in 1981, with Europe's champion football club Nottingham Forest, and Latin America's champion club, National Montevideo, invited to Japan. Toyota was, in fact, trying to outdo its rival, Nissan Motor, the second largest motor company in Japan, after Toyota.

In 1979, Nissan promoted the Nissan Green Cup National Sandlot Baseball Meet, with 18,000 Japanese teams participating.

Toyota was content with its investment. The game drew a total of 70,000 spectators and was beamed to 43 nations. Favourable reports flowed from overseas sales outlets. Prompted by this success, the company is planning the second Toyota Cup in December by inviting Europe's current champion club, Aston Villa and Latin America's champion club, which will be established by the end of November.

The growing market for sports sponsorship has been supported by an increasing interest in sports in Japan, now a Y1,000bn market itself. Japanese commercial television channels, following the U.S. model, have lent weight to the boom. Sports programmes (both professional and amateur) surged in coverage by 34 per cent, to 3,937 hours, between 1975 and 1981. In particular, coverage of amateur sports alone was up two-and-a-half times.

Advertising concerns suggest that Japanese companies are in a transition period from a dedication to mass production and mass sales to more concern for building up corporate identity and image through cultural and sports events.

There is no clear indication of the results so far. But one company, NEC, believes its popularity rating with university graduates jumped from 49th to 19th place after it sponsored the Davis Cup.

The motive is slightly different in sports sponsorship overseas.

Japanese overseas subsidiaries which hire a lot of local employees feel a certain [illegible] to contribute to the [illegible] community. In the UK, [illegible] found the morale of local [illegible] rose considerably after [illegible] company sponsored [illegible] league UK football club. Japanese companies in [illegible] sponsored six football clubs in the first division [illegible] were looking for commercial sponsorship. Nottingham Forest has been backed by Panasonic (Matsushita Electric); Liverpool by Hitachi (in a sponsorship assumed this season by Crown Paints, part of Reed International); Arsenal by JVC; Ipswich by Pioneer Electronics; Middlesbrough by Datsun; Stoke by Ricoh.

Paradoxically, Japanese companies are concerned about some UK assertions that Japanese companies are cornering the market for football team sponsorship. But opportunities for TV commercials in Europe are quite limited, compared with those in Japan [illegible] the U.S. And the outward [illegible] ing Japanese realise that football is the most televised sport in Europe. Someday, the Japanese may even sponsor a British cricket team, although cricket is totally unknown in Japan.

Perks tempt small shareholders

THE SHAREHOLDINGS of Japanese individuals declined to an all time low of 28.4 per cent of the total 237m shares issued in the fiscal year ended March 31, according to the Securities Dealers Association of Japan. The individual shareholdings have continued a slide which has seen them fall from a peak of 69.1 per cent in 1949.

This slipping away in individuals' shareholdings has been of grave concern in share market circles, since it threatens to widen fluctuations in stock prices and to restrict the growth of the capital market. The waning of personal shareholdings has been of late blamed on a fall of share prices below the subscription prices soon after the public share issues which were made one on top of another a year or so ago, and on a low dividend yield.

Against this background, shareholders perks, a traditional system in Japan, have been studied anew as a measure to bring back individual shareholders.

The system offers rewards to shareholders who own more than a certain number of shares, with, variously, shopping coupons, tickets for theatre and film shows, and such a thing as free travel on private railways, in addition to the ordinary dividend paid to shareholders.

The shareholders' perks system is not adopted by all of listed companies. It is currently operated by only 113 corporations centring on those having a tight relationship with the daily life of consumers such as private railways, leisure centres, and department stores.

However, an increasing number of companies have recently taken up or expanded the perks system. Sagami Railway and Keihin Express Railway brought down the minimum requirements, to 10,000 shares from 20,000 shares, in September last year.

Tokyu increased by 700 the number of shareholders with 10,000 to 50,000 shares between September and March.

Meiji Milk Products was surprised by a favourable reaction from its shareholders when the company delivered its own health foods to them last month. To commemorate its 25th anniversary, Dai'ei, Japan's largest retailer plans to give merchandising coupons to shareholders who buy more than 1,000 of its shares.

Kashiyama, Japan's largest ready-to-wear maker, plans to send a fashion magazine to shareholders and to sell all Kashiyama's products shown in the magazine at a 15 per cent discount to shareholders. Kashiyama's foreign shareholders accounting for more than 30 per cent of the total are included.

The system, clearly, does not lend itself to the car and steel and similar industries.

Housewives tend to favour the shareholders' perks system which is heavily promoted by securities houses, on the assumption that most Japanese salaried husbands hand over the whole monthly salary to wives, and leave them to handle household finance.

In order to meet the current bearish stock market conditions, as well as to restore individual shareholdings, the securities houses are showing enthusiasm for the expansion of perks.

This announcement appears as a matter of record only.

6,290,707 Shares

FANNIE MAE

Federal National Mortgage Association
Common Stock

We obtained these shares in exchange for $100,565,000 aggregate principal amount of the following issues of the outstanding debt securities of the Federal National Mortgage Association: 7.80% Debentures due 1991, 7.00% Debentures due 1992, 7.05% Debentures due 1992 and 7.10% Debentures due 1997.

These shares were traded as a block transaction on September 10, 1982. This represents the largest share block ever traded on the New York Stock Exchange.

Goldman, Sachs & Co.
New York Boston Chicago Dallas Detroit
Houston Los Angeles Memphis Miami
Philadelphia St. Louis San Francisco
London Tokyo Zurich

Goldman Sachs

September 15, 1982

US$200,000,000
CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.
(incorporated with limited liability in the Netherlands Antilles)

GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994

Guaranteed on a Subordinated basis by
Continental Illinois Corporation
(incorporated with limited liability in Delaware, U.S.A.)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed at 11$\frac{13}{16}$% pa and that the interest payable on the relevant Interest Payment Date, December 24, 1982, against Coupon No. 2 will be US$301.75 in respect of US$10,000 nominal amount of the Notes.

September 24, 1982, London
By: Citibank, N.A. (CSSI Dept.) CITIBANK

Bearer Depository Receipts
In respect of
US $30,000,000 Floating Rate Note 1988
of
SANWA INTERNATIONAL FINANCE LIMITED
unconditionally and irrevocably guaranteed as to payment of principal and interest by
THE SANWA BANK, LIMITED

For the six months from September 24, 1982 to March 24, 1983, the above-mentioned Note will carry an interest rate of 12$\frac{1}{2}$% per annum. The interest payable on the relevant Interest Payment Date, March 24, 1983 against Coupon No. 3 will be US$641.04 per US$10,000 Bearer Depositary Receipt. The Annual Report for Sanwa International Finance Limited for the year ended 1981, is available at Sanwa Bank (Underwriters) Limited, 1 Undershaft, London EC3A 8BR.

September 24, 1982
By: CITIBANK, N.A. (CSSI Dept.) London Agent Bank

Sabah Development Bank Berhad
U.S. $40,000,000
Floating Rate Notes due 1989
Notice to Noteholders
Change of specified office of Paying Agent

Sabah Development Bank Berhad hereby gives notice that with effect from June 7, 1982, the specified office in London of Bank Bumiputra Malaysia Berhad as Paying Agent for the above Notes is as follows:

36/38 Leadenhall Street,
London EC 3A 1AP
United Kingdom

هكذا من الأصل

LONDON STOCK EXCHANGE

Equity leaders vulnerable to profit-taking following Wall Street's overnight reaction—Gilts hold steady

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 20	Sept 30	Oct 1	Oct 11
Sept 20	Sept 30	Oct 1	Oct 11
Oct 4	Oct 14	Oct 15	Oct 25

* "New-time" dealings may take place from 9.30 am two business days earlier.

Sentiment in London stock markets was again dominated by events on Wall Street, and Wednesday's overnight reversal of the strong upward movement there left its mark on domestic equities and Government stocks.

Hopes of lower interest rates, which had strengthened over the last couple of days, tended to be stifled by the late overnight setback in U.S. bonds and the Gilt-edged sector traded uncertainly. The lack of any indication by the authorities through money market intervention rates also made for caution; long-dated stocks thus trended a fraction easier at the opening but a subsequent rally left quotations with small irregular movements on balance.

Short-dated stocks ended the day with losses of ⅛ and occasionally more, but the Government securities index, which attained a 5-year peak on Wednesday, hardened a shade further to 79.05.

Leading shares were vulnerable to profit-taking in the early dealings, but half-year figures from two major companies, Dunlop and Vickers, were in line with most market expectations and contributed to a better afternoon trend.

Down 6.1 at its lowest of the day at 1.00 pm, the FT 30-share index reduced the loss to 4.9 a couple of hours later. The tone subsequently deteriorated a shade in the late trade to leave a closing fall of 5.4 on balance at 577.2, a relatively modest loss in comparison with the previous two-day rise of 17.7.

Among the index constituents, Thorn EMI remained under selling pressure following the recent downward re-rating by analysts and closed 10 cheaper at 385p, after touching 375p.

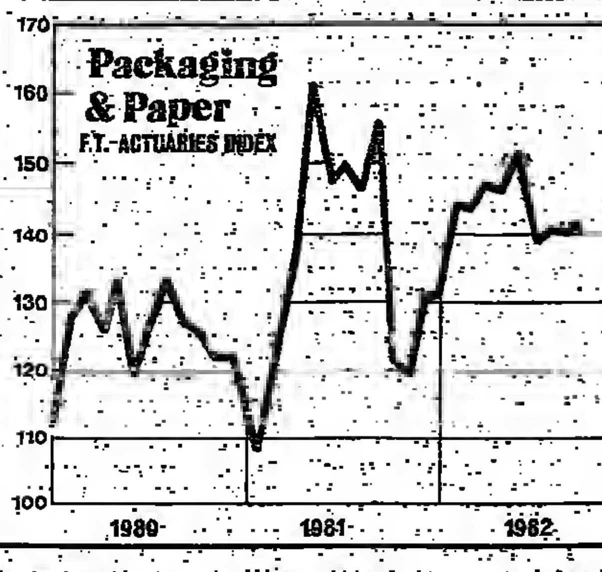
Legal & General down

A particularly firm sector of late following buying on consideration of their substantial gilt-edged portfolios, Life issues reacted in places on profit-taking. Legal and General were particularly vulnerable after the official 3.30 pm close and ended 18 down at 293p, while Hambro Life lost 14 to 270p. Sun Life eased 6 to 408p but Equity and Law resisted the trend and firmed 11 more to 518p. Dull Composites were led lower by Eagle Star, which dipped 13 to 320p. General Accident relinquished 6 to 316p as did Sun Alliance, to 824p. Elsewhere, Stewart Wrightson fell 10 more for a two-day decline of 22 at 238p following comment on the interim figures.

Scattered offerings and lack of support left Midland 8 down at 297p and NatWest 7 lower at 425p. Far-Eastern influences prompted a decline of 6 to 94p in Hong Kong and Shanghai, while Standard Chartered softened 5 to 375p in the wake of the company's placing of £100m loan stock 2002-07. Discount Houses continued to reflect the firmness of gilts, Cater Allen firming 15 to 385p and Alexanders 4 to 262p.

Selected Buildings made fresh progress, BPB rising 12 to 442p and Tarmac 4 to a high for the year of 380p. Further demand in a thin market lifted Burnett and Hallamshire 35 to 575p, while Mixconcrete, up 18 on Tuesday on English China Clays' 195p per share counter-bid for the company, put on 6 more to 205p on hopes of a higher offer. Press comment stimulated speculative interest in Erith, which touched 100p before closing a net 10 up at 99p. Newarthill firmed 7 to 532p on the increased half-year profits, while Phoenix Timber added a couple of pence at 54p following the chairman's optimistic statement at the annual meeting. By contrast, profit-taking in the wake of the excellent preliminary results clipped 8 from Barratt Developments, to 344p, while George Wimpey, interim results due next Thursday, shed 3 at 113p. John Mowlem held at 212p; the price in yesterday's issue was incorrect.

ICI slipped to 292p before closing 2 cheaper on balance at 294p. Laporte finished a penny off at 175p, disappointment that the dividend had not been increased outweighing the increased interim profits. International Paint gave up 4 to a 1982 low of 193p on lack of support, but Allied Colloids hardened 3 to a high for the year of 301p.



Woolworth active

Dealings in F. W. Woolworth, suspended at 55p on Tuesday, resumed yesterday morning and in a brisk trade quickly advanced to 73p, awaiting further developments. Ensuing touched 220p and ended 13 up at 210p following reports, later denied, that the chairman, Mr Godfrey Bradman, was leading a consortium in talks with Woolworth's U.S. parent. In contrast, paintmakers Donald Macpherson, a major supplier to Woolworth, fell 7 to 44p.

Other major retailers were relatively subdued and held close to the overnight positions. Home Charm remained in demand and added 4 more to 254p, while support was also noted for A. G. Stanley, 3 dearer at 67p. Newsagents gathered momentum following good interim results from John Menzies, which closed 5 up at 290p, after 293p. NSS rose 2 to 136p, and Martin hardened 4 to 216p. Polly Peck responded afresh to speculative interest and firmed 10 more to 485p. Owen Owen dipped 10 to 132p, a 1982 low following the increased interim loss, but encountered scattered support at this level and reverted to unchanged at 140p.

Still depressed by the chairman's profits warning, Thorn EMI were sold down to a 1982 low of 375p before rallying to close 10 down at 385p for a two-day fall of 23. Other Electrical majors were irregular in thin trading. Plessey softened a few pence to 572p, after 570p, and BICC 5 to 303p, but GEC hardened 4 to £12⅞. Elsewhere, concern about a U.S. tank deal left United Scientific 20 lower at 317p, while Memec dropped 18 to 280p following the interim figures. Electronic Rentals came on offer and shed 4 to 83p, while Granada "A" gave up 6 at 180p. Dowding and Mills hardened 2 to 39p in response to the results, while revived takeover suggestions lifted Ferranti 10 to 490p.

Nervously sold down to 124p ahead of the half-year statement, Vickers rallied to 130p on the maintained interim dividend and satisfactory profits before closing a net 2 cheaper at 128p. Elsewhere in Engineerings, GKN remained depressed by the recent second-half profits warning and fell to a 1982 low of 114p before ending 2 down at 115p. Disappointing first-half profits brought about a fall of 18 to 260p in APV, while Haden cheapened 3 to 212p, after 205p, for a similar reason. Uninspiring half-year figures also left Hall a couple of pence off, at 132p, while Wadkin fell 6 to 42p on lack of support. Telfos, on the other hand, rose 3 to 25p following the interim profits recovery.

Interests in Foods faded and the leaders closed virtually unchanged. Rowntree Mackintosh, a rising market recently, touched 214p on the satisfactory interim results before drifting off to close unaltered at 212p. Elsewhere, Avana rose a few pence to a high for the year of 375p, while William Morrison responded to the good half-year results with a jump of 10 to 156p. Single hardened a fraction to 33½p following the chairman's cheerful statement at the annual meeting, but fresh selling in an unwilling market left Chambers and Fargus 4 down at 27p.

The death of Sir Maxwell Joseph, chairman of Grand Metropolitan and Norfolk Capital, left the former only a penny down at 273p, after 267p—and the latter a penny firmer on balance at 25p, after 21p.

Sketchley good

Stimulated by recent good profit statements from Pritchard Services and Sunlight Services, Sketchley attracted a useful demand and closed 11 to the good at 304p. Other dry-cleaning issues also made progress with Brengreen 2½ dearer at 54½p and Initial Services 5 harder at 258p. TNT added 5 to 95p despite the lower profits, while renewed speculative support lifted Grippereds 6 to 92p. Investment demand helped Sidlaw to rise 10 to 202p but Huntleigh fell 12 to 114p after comment on the interim results. Reflecting the interim deficit, Arthur Wood gave up 2 to 17p, while Far Eastern influences led to a fall of 8 in both Hutchison Whampoa, 170p, and Jardine Matheson, 161p.

An overnight reaction on Wall Street prompted early caution in the miscellaneous industrial leaders which reacted as buyers withdrew. BOC became vulnerable after-hours and closed 3 down at 184p.

Dunlop firmed a penny to 57p following results in line with market expectations. Lucas eased 4 to 130p, while reflection of the annual loss and passed final dividend clipped a fraction more from Armstrong Equipment, 13p.

Quietly firm conditions prevailed in Properties, Land Securities and MEPC edging up a couple of pence apiece to 281p and 181p respectively. British Land also improved 2, to 82p, awaiting details of the annual meeting. Elsewhere, renewed demand lifted London Provincial Shop 8 to 430p and M. P. Kent 3 to 60p, but Clarke Nickolls shed 5 to 109p, after 108p, on the poor interim results. The increased annual profits helped A. and J. Mucklow to improve 2 to 78p.

Clyde feature

Secondary oils displayed a couple of firm spots. Clyde Petroleum put on 13 to 95p on speculative interest, while Hamilton firmed 4 to 114p on the increased half-yearly profits. The leaders, reflecting Wall Street's overnight reaction, were inclined to close virtually unchanged. British Petroleum finished a couple of pence off at 288p, but Shell ended that much dearer at 404p.

Investment support was directed towards Exco International, which advanced 12 to 245p, with sentiment buoyed by a profits forecast of £21m from subsidiary Telerate Systems. Other money-brokers also displayed useful gains with Mercantile House 30 up at 430p and R. P. Martin 20 to the good at 340p. Mills and Allen, however, eased 5 more to 485p on further consideration of annual results. Elsewhere in Financials, Park Place rose 6 to 112p in response to the increased annual profits and dividend.

Textiles remained selectively firm. Sirdar rose 5 for a two-day gain of 11 at 147p, while support was also forthcoming for Albert Martin, 4 up at 43p. Press comment prompted gains of 2 and 4 respectively in Shaw Carpets, 18½p, and Tomkinsons, 65p.

Bats encountered fresh offerings in the wake of Wednesday's interim statement and shed 9 to 545p. Profit-taking clipped a couple of pence from Imperial, 103p, and Rothmans International 108p.

Golds edge higher

South African Golds managed modest overall gains despite the easier bullion price which gave up $6 to $437.5 an ounce.

Selective Johannesburg buying of a number of issues, notably the top quality stocks and the highly geared marginals, prompted a further 2.8 rise in the Gold Mines index to 367.2—its highest since the beginning of the month.

Outstanding performances in the heavyweights came from Randfontein, £1 firmer at a 1982 high of £41⅞, Hartebeest, ⅞ up at £31⅞, Western Deep, ⅝ to the good at £20⅝ and Free State Geduld which put on ⅞ to a year's high of £20⅞.

Persistent Johannesburg support left Durban Deep £1⅛ higher at £16⅛ and prompted a rise in Marievale of 21 to 154p.

Little activity was seen in Financials. De Beers, a firm market of late, retreated 5 to 297p and Anglo American Corporation eased 10 to 695p.

In London-domiciled Financials, Charter Consolidated hardened 2 more to 195p but, unsettled by the trend in UK equities, RTZ eased 3 to 423p and Gold Fields 2 to 438p.

Australians were mixed. Hampton Areas advanced 8 to 190p, reflecting persistent investment demand. Among the leading metal producers, Renison rose 8 to 158p but Peko-Wallsend gave up 7 to 296p. Western Mining 4 to 194p and Bougainville 2 to 96p. Ashton Mining continued to attract good support and put on 4 more at 80p.

In Tins, profit-taking left Tronoh 5 cheaper at 165p.

Dealers reported only modest interest in Traded Options and 1,150 contracts were done—the lowest total since late August. A useful trade developed in Imperial Group, however, with 295 calls struck, 220 of which were done in the November 100's.

FINANCIAL TIMES STOCK INDICES

	Sept. 23	Sept. 22	Sept. 21	Sept. 20	Sept. 17	Sept. 16	A year ago
Government Secs.	79.05	79.03	78.38	77.84	77.63	77.67	61.29
Fixed Interest	79.37	79.50	79.14	78.82	78.76	78.76	63.28
Industrial Ord.	577.2	582.6	576.9	564.8	563.7	570.1	488.1
Gold Mines	367.2	364.4	345.6	343.4	363.1	366.7	401.2
Ord. Div. Yield	5.00	4.97	5.03	5.12	5.15	5.13	5.13
Earnings, Yld.% (full)	11.06	11.00	11.14	11.34	11.39	11.21	10.67
P/E Ratio (net) (*)	10.84	10.90	10.77	10.58	10.52	10.71	11.97
Total bargains	17,570	17,665	18,877	17,403	17,548	16,898	27,287
Equity turnover £m.	—	163.67	140.22	109.04	154.31	163.32	217.54
Equity bargains	—	12,774	13,827	11,823	14,078	13,076	25,725
Shares traded (ml)	—	108.8	97.1	82.7	112.5	159.7	147.3

10 am 578.2. 11 am 578.5. Noon 577.9. 1 pm 576.8. 2 pm 577.8. 3 pm 577.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil=10.09.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	79.05 (23/9)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	79.57 (23/9)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	596.2 (5/8)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	372.8 (7/9)	181.2 (22/6)	688.9 (22/9/80)	43.6 (26/10/71)

S.E. ACTIVITY

	Sept. 22	Sept. 21
—Daily		
Gilt Edged Bargains	224.7	216.6
Equities Bargains	82.8	89.6
Equities Value	334.8	383.4
5-day Avrge.		
Gilt-Edged Bargains	193.4	186.3
Equities Bargains	83.0	83.1
Equities Value	286.1	288.8

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Antofagasta Hldgs £1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Baradin Holdings 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Berkeley H.H. Inv 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bio-Isolates 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brevilte Europe 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Coleman Milne 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dalmar Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ecobric New Ord £1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hadson Pet. Int. 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Int'europe Tech. 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Morcantile Hse. New	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Multitone Elect.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	RIT & Northern Wer'ts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rvr Plate & Gen. Wrnts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Shcraton Secs 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Twinlock 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Anglo Indonesian 9½% Cnv. Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Antofagasta 5% Prof.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Australia 13½% Ln. 2010	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	BIC 12½% Uns. Ln. 2012	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Credit National 13½% 1989	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Electricite de France 12½% Ln. 2005	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hydro Quebec 12½% Ln. 2015	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MEPC 12% Fst. Mort. Deb. 2017	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide Bdg. Soc. 11¾% 15/8/83	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 11½% 10/8/83	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Twinlock 15% Uns. Ln.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Eurotherm Int. 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Munton Bros. 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norton N.M.C.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pactrol Electronics	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sporng	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tricentrol	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	U.U. Textiles	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barratt Dev.	344	−8	Rosehaugh	210	+15
Clyde Petr.	95	+13	Rowntree-Mackintosh	212	—
Exco	245	+12	Thorn EMI	385	−10
Granada 'A'	180	−6	United Scientific	317	−20
Grand Met	273	−1	Vickers	128	−2
Legal and General	293	−18	Woolworth	73	+18

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
BAT Inds.	21	554	+2	BICC	13	308	−4
Polly Peck	19	475	−32	Cable Wireless	12	320	+4
Trident TV 'A'	18	65	−5	Harmony	12	531	+49
Thorn EMI	17	395	−13	Plessey	12	575	+8
Barratt Dev.	15	353	+20	Cns. Gld. Flds.	11	440	+7
Imperial Grp.	15	105	+4	De Beers Fd.	11	302	+4
Vaal Reefs	14	£41⅞	+1⅞	Ferranti	11	450	+7

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs Sept 23 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Sept 22 Index No.	Tues Sept 21 Index No.	Mon Sept 20 Index No.	Fri Sept 17 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (209)	430.09	−0.1	8.99	3.91	13.88	430.33	425.53	420.05	416.94	315.36
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (67)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (202)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (76)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Thurs Sept 23	Day's change %	Wed Sept 22	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All Stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS		Thurs Sept 23	Wed Sept 22	Year ago (approx.)
British Government				
1 Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2 Coupons	15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5	15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7 High Coupons	5 years	[illegible]	[illegible]	[illegible]
8	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]	[illegible]
11 Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12	15 years	[illegible]	[illegible]	[illegible]
13	25 years	[illegible]	[illegible]	[illegible]
14 Preference		[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (116)
BRITISH FUNDS (6)
INT. BANK & O'SEAS GOVT. STLG. ISSUES (1)
COMMONWEALTH & AFRICAN LOANS (2)
FOREIGN BONDS (3)
AMERICANS (8)
BANKS (1)
BEERS (4)
BUILDINGS (9)
CHEMICALS (1)
DRAPERY & STORES (14)
ELECTRICALS (8)
ENGINEERING (2)
FOODS (4)
INDUSTRIALS (22)
LEISURE (3)
NEWSPAPERS (3)
PAPER (4)
PROPERTY (1)
SHOES (1)
TEXTILES (3)
TRUSTS (11)
MINES (7)

NEW LOWS (33)
AMERICANS (1)
Ingersoll-Rand
BANKS (1)
[illegible]
BUILDINGS (1)
Whittingham
CHEMICALS (1)
Intl. Paint
STORES (1)
Owen Owen
ELECTRICALS (1)
Thorn EMI
ENGINEERING (6)
[illegible]
FOODS (1)
[illegible]
INDUSTRIALS (10)
[illegible]
INSURANCE (1)
[illegible]
NEWSPAPERS (1)
[illegible]
OVERSEAS TRADERS (1)
[illegible]
PROPERTY (1)
[illegible]
PLANTATIONS (1)
[illegible]
OIL (1)
[illegible]
MINES (1)
[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial & Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	473	448	1,521

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 23	Sept 3	Nov 25	Dec 6
Sept 13	Sept 24	Dec 9	Dec 20
Oct 11	Oct 22	Jan 13	Jan 24

For rate indications see end of Share Information Service

Stocks favoured for the call included Norfolk Capital, Ault and Wiborg, F. W. Woolworth, First National Finance, Premier Oil, Quest Automation, Grand Metropolitan, Pleasurama, Sound Diffusion, Bats and Muirhead. Puts were done in Unilever, ICI, Debenhams, Stewart Nairn and United Scientific.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 22, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (c) Official rate. (c) Commercial rate. (f) Financial rate. [illegible]

Companies and Markets

CURRENCIES and MONEY

$ and £ firm

Dollar was firmer in quiet foreign exchange trading, as the latest figures on U.S. inflation and German balance of payments produced few surprises. The U.S. August consumer price index, showing a year-on-year rise of 5.9 per cent, was at least as good as expected, while Germany's current account deficit of DM 3.2bn was generally in line with market predictions.

Sterling was also strong overall, improving against Continental currencies, despite the slight decline against the dollar.

DOLLAR — Trade-weighted index (Bank of England) 122.4 against 122.0 on Wednesday, and 114.9 six months ago. Three-month Treasury bills 7.28 per cent (12.44 per cent six months ago). Annual inflation rate 5.9 per cent (6.5 per cent previous month)—The dollar rose to DM 2.51 from DM 2.4965 against the D-mark; to FFr 7.0950 from FFr 7.0550 in terms of the French franc; to SwFr 2.15 from SwFr 2.1370 against the Swiss franc; and to Y264.80 from Y262.65 against the Japanese yen.

STERLING — Trade-weighted index 91.8 against 91.7 at noon, 91.8 at the opening, 91.7 at the previous close, and 91.2 six months ago. Three-month interbank 10⅞ per cent (13 7/16 per cent six months ago). Annual inflation 8.0 per cent (8.7 per cent previous month) — The pound opened at $1.7160-1.7170, the highest level of the day, and fell to a low point of $1.7085-1.7095 in the afternoon, before closing at $1.7105-1.7115, a fall of 40 points on the day. Sterling rose to DM 4.2950 from DM 4.2850; to FFr 12.1350 from FFr 12.10; to SwFr 3.68 from SwFr 3.6650; and to Y453.25 from Y450.50.

D-MARK — EMS member (second weakest). Trade-weighted index 125.3 against 125.4 on Wednesday, and 123.5 six months ago. Three-month interbank 8.075 per cent (9.575 per cent six months ago). Annual inflation 5.1 per cent (5.6 per cent previous month) — The D-mark had a weaker tone at the Frankfurt fixing, following the indication of lower German interest rates on news that the Bundesbank has cut minimum reserve ratios for banks, releasing about DM 5.5bn of liquidity to the money market. The dollar rose to DM 2.5032 from DM 2.4954 at the fixing, and sterling to DM 4.2850 from DM 4.2820, although the German balance of payments figures were generally in line with expectations.

FRENCH FRANC — EMS member (third weakest). Trade-weighted index 72.7 against 72.8 on Wednesday, and 78.3 six months ago. Three-month interbank 14¼ per cent (16⅜ per cent six months ago). Annual inflation 10.9 per cent (11.9 per cent previous month)—The franc weakened against the dollar and sterling at the Paris fixing but was slightly firmer against the D-mark and Swiss franc. Last week's news that the French authorities have arranged a standby loan of $4bn to defend the franc has taken the speculative pressure off the currency but during the previous week currency reserves at the central bank fell by 23 per cent to FFr 18.076bn according to latest figures. At yesterday's fixing the dollar rose to FFr 7.0780 from FFr 7.05 and sterling to FFr 12.12 from FFr 12.0950. The D-mark fell to FFr 2.8258 from FFr 2.8261 and the Swiss franc to FFr 3.30 from FFr 3.3030.

ITALIAN LIRA—EMS member (strongest). Trade-weighted index was unchanged at 53.5 against 54.5 six months ago. Three-month interbank 18 11/16 per cent (20 11/16 per cent six months ago). Annual inflation 17.2 per cent (15.9 per cent previous month)—The lira showed mixed changes at the Milan fixing, losing ground to the dollar, sterling and French franc but improving against the D-mark and Swiss franc. The dollar rose to L1,411.30 from L1,406.06; sterling to L2,416 from L2,412.15; and the French franc to L199.41 from L199.38. The D-mark fell to L563.51 from L563.65 and the Swiss franc to L658.5 from L658.87.

THE POUND SPOT AND FORWARD

Sept 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7085-1.7170	1.7105-1.7115	0.02-0.07c dis	-0.31	0.36-0.41dis	-0.90
Canada	2.0985-2.1070	2.0995-2.1005	0.35-0.45c dis	-2.28	1.17-1.27dis	-2.32
Nethlnd.	4.68½-4.71½	4.70-4.71	1½-1c pm	3.19	3⅜-3⅛ pm	2.87
Belgium	82.60-83.10	82.90-83.00	5-15c dis	-1.45	45-55 dis	-2.41
Denmark	14.99-15.05	14.99½-15.01½	12¼-13¼ore dis	-10.34	27-28½ dis	-7.39
Ireland	1.2540-1.2580	1.2550-1.2560	0.42-0.57p dis	-4.73	1.28-1.49dis	-4.41
W. Ger.	4.27½-4.30½	4.29-4.30	1⅛-⅞pf pm	3.14	3¼-3 pm	3.03
Portugal	148.75-150.00	149.00-149.50	150-390c dis	-21.71	370-1060dis	-19.16
Spain	193.00-193.80	193.40-193.60	130-165c dis	-8.15	560-635dis	-12.35
Italy	2,412-2,420	2,414-2,416	14-17 lire dis	-7.70	53-57 dis	-9.11
Norway	11.84½-11.88½	11.85½-11.86½	2¾-3⅞ore dis	-3.35	11¾-13 dis	-4.17
France	12.10-12.14½	12.13-12.14	6-8c dis	-6.92	25-29 dis	-8.90
Sweden	10.65½-10.69½	10.67-10.68	3⅛-4ore dis	-4.07	11¾-12½ dis	-4.54
Japan	449-455	452¾-453¾	1.65-1.45y pm	4.10	4.20-4.00 pm	3.62
Austria	30.05-30.20	30.10-30.15	8½-6⅞gro pm	2.76	22¾-17 pm	2.60
Switz.	3.55½-3.69	3.67½-3.68½	2⅜-1⅞c pm	5.93	6⅝-5⅝ pm	6.52

Belgian rate is for convertible francs. Financial franc 85.35-85.45. Six-month forward dollar 1.20-1.30c dis, 12-month 3.00-3.15c dis.

THE DOLLAR SPOT AND FORWARD

Sept 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7085-1.7170	1.7105-1.7115	0.02-0.07c dis	-0.31	0.36-0.41dis	-0.90
Ireland†	1.3620-1.3700	1.3620-1.3630	0.55-0.45c pm	4.39	1.25-1.10 pm	3.44
Canada	1.2265-1.2285	1.2265-1.2275	0.22-0.25c dis	-2.30	0.44-0.47dis	-1.48
Nethlnd.	2.7360-2.7500	2.7480-2.7500	0.78-0.68c pm	3.10	2.66-2.56 pm	3.80
Belgium	48.30-48.50	48.48-48.50	5½-7½c dis	-1.61	19-23 dis	-1.73
Denmark	8.7615-8.7775	8.7700-8.7725	6½-7ore dis	-9.24	12¼-12¾dis	-5.71
W. Ger.	2.4940-2.5105	2.5095-2.5105	0.76-0.71pf pm	3.51	2.57-2.52 pm	4.05
Portugal	86.80-87.80	87.20-87.40	80-205c dis	-18.59	200-590dis	-18.10
Spain	112.65-113.15	113.00-113.05	80-90c dis	-9.02	300-330dis	-11.15
Italy	1,408½-1,412¾	1,411-1,412	8½-9½ lire dis	-7.65	29-30 dis	-8.36
Norway	6.9190-6.9370	6.9280-6.9300	1.50-1.90ore dis	-2.94	5.30-5.70dis	-3.17
France	7.0500-7.0975	7.0925-7.0975	3.40-3.90c dis	-6.18	13-14 dis	-7.62
Sweden	6.2220-6.2440	6.2400-6.2420	1.90-2.10ore dis	-3.85	5.50-5.70dis	-3.59
Japan	262.30-265.00	264.75-264.85	0.95-0.80y pm	3.96	2.85-2.70 pm	4.19
Austria	17.53-17.63	17.60-17.91	4⅜-3⅞gro pm	2.90	16-13½ pm	3.35
Switz.	2.1330-2.1510	2.1495-2.1505	1.33-1.25c pm	7.20	4.06-3.96 pm	7.48

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.45-50.55.

CURRENCY MOVEMENTS

Sept. 23	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.8	-31.7
U.S. dollar	122.4	+12.4
Canadian dollar	90.6	-17.2
Austrian schilling	117.6	+87.1
Belgian franc	94.0	-2.5
Danish kroner	81.4	-14.9
Deutsche mark	125.3	+50.9
Swiss franc	144.8	+95.3
Guilder	117.1	+24.6
French franc	72.7	-21.4
Lira	53.5	-58.6
Yen	188.3	+23.2

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 23	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.630336	0.548859
U.S. $	10	1.07882	0.959646
Canadian $	13.42	*	1.15885
Austria Sch.	6¾	18.0764	16.5190
Belgian F	12½	52.2526	45.5024
Danish Kr.	11	9.46195	8.24540
D mark	7	2.70050	2.35306
Guilder	7	2.96136	2.57980
French F	9½	7.63589	6.64894
Lire	18	1522.48	1326.08
Yen	5½	n.a.	247.644
Norwgn. Kr.	9	7.46548	6.61598
Spanish Pts.	8	121.907	106.227
Swedish Kr.	10	6.71350	5.86057
Swiss Fr.	5	2.31267	2.01385
Greek Dr'ch.	20½	76.4937	66.7525

* C$/SDR rate for Sept 22: 1.32701.

OTHER CURRENCIES

Sept. 23	£	$		£ Note Rates
Argentina Peso	47,676†	27,840†	Austria	30.00-30.30
Australia Dollar	1.7875-1.7899	1.0450-1.0455	Belgium	85½-86½
Brazil Cruzeiro	345.00-346.00	201.28-202.28	Denmark	14.98-15.12
Finland Markka	8.2300-8.2425	4.8080-4.8100	France	12.07-12.17
Greek Drachma	119.534-122.878	70.60-70.90	Germany	4.27-4.31
Hong Kong Dollar	10.48½-10.50	6.1240-6.1290	Italy	2380-2420
Iran Rial	145.95*	85.10*	Japan	461-456
Kuwait Dinar (KD)	0.49760-0.49825	0.29075-0.29085	Netherlands	4.67¾-4.71¾
Luxembourg Fr.	83.90-83.00	48.48-48.50	Norway	11.83-11.93
Malaysia Dollar	4.0450-4.0550	2.3626-2.3648	Portugal	148-165
New Zealand Dlr.	2.3635-2.3685	1.3810-1.3830	Spain	188½-201
Saudi Arab. Riyal	5.8855-5.8910	3.4390-3.4400	Sweden	10.62-10.72
Singapore Dollar	3.7285-3.7325	2.1740-2.1760	Switzerland	3.65½-3.69½
Sth. African Rand	1.9665-1.9685	1.1495-1.1509	United States	1.70½-1.72½
U.A.E. Dirham	6.2825-6.2920	3.6710-3.6740	Yugoslavia	115-120

† Rate shown for Argentina is commercial. Financial rate 66,724-66,764 against sterling, 38,950-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.5024	+1.19	+0.95	±1.5501
Danish Krone	8.23400	8.24540	+0.14	-0.05	±1.6430
German D-Mark	2.33379	2.35306	+0.83	+0.60	±1.0888
French Franc	6.61387	6.64894	+0.53	+0.30	±1.3840
Dutch Guilder	2.57971	2.57980	—	-0.22	±1.5004
Irish Punt	0.685011	0.688386	-0.38	-0.61	±1.6691
Italian Lira	1350.27	1326.08	-1.79	-1.79	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 23	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.711	4.295	453.3	12.135	3.680	4.705	2415.	2.100	82.95
U.S. Dollar	0.584	1.	2.510	264.9	7.092	2.151	2.750	1411.	1.227	48.48
Deutschemark	0.233	0.398	1.	105.5	2.825	0.857	1.096	562.3	0.489	19.31
Japanese Yen 1,000	2.206	3.775	9.476	1000.	26.77	8.119	10.38	5329.	4.633	183.0
French Franc 10	0.824	1.410	3.539	373.5	10.	3.033	3.877	1990.	1.731	68.36
Swiss Franc	0.272	0.465	1.167	123.2	3.298	1.	1.279	656.3	0.571	22.54
Dutch Guilder	0.213	0.364	0.913	96.35	2.579	0.782	1.	513.3	0.446	17.63
Italian Lira 1,000	0.414	0.709	1.778	187.7	5.025	1.524	1.948	1000.	0.870	34.35
Canadian Dollar	0.476	0.815	2.045	215.8	5.779	1.752	2.240	1150.	1.	39.50
Belgian Franc 100	1.206	2.063	5.178	546.4	14.63	4.436	5.672	2911.	2.532	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 23)

3 month U.S. dollars		6 month U.S. dollars	
bid 11 11/16	offer 11 13/16	bid 12 3/8	offer 12 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10¼-11	10½-10¾	13-14	7½-7⅞	2-2¼	7⅛-7½	14-14½	16½-18	11-12	11½-12	6⅝-6⅞	[illegible]
7 day's notice	10⅞-11	10¾-11	13-14	7½-7⅝	6¾-7¼	7⅛-7⅜	15-15½	16½-18	12-13	18¼-18½	6¾-6⅞	28⅞-24⅜
Month	10⅞-11	10 5/16-11 1/16	12⅞-13⅛	7⅛-7⅝	4 1/16-4 3/16	7 5/16-7 7/16	17-17½	18¼-19¼	12-13	18¼-18½	7-7⅛	25⅝-27⅛
Three months	10 7/16-10 11/16	11½-11¾	12⅞-13⅛	7 7/16-7⅜	4 5/16-4 7/16	7⅜-7½	18⅛-18⅝	18¾-20¼	18¼-18¾	18⅛-18⅜	7¼-7⅜	23½-25
Six months	10⅞-11	12¼-12⅜	13⅝-13⅞	8⅛-8¼	4⅞-5	8-8⅛	18½-20	21-21⅝	13¼-14¼	13⅛-13⅜	7⅛-7¼	[illegible]
One Year	10⅛-11	12⅝-12⅞	14-14¼	8⅜-8½	5-5⅛	8-8½	19¾-20¼	21¼-22	13⅛-14¼	13⅜-13⅝	7⅛-7⅜	18½-20

SDR linked deposits: one-month 10⅝-10⅞ per cent; three months 10⅞-11⅛ per cent; six months 11⅜-11⅝ per cent; one year 11⅝-12 per cent.
ECU linked deposits: one-month 11⅛-11⅜ per cent; three months 11 13/16-12 1/16 per cent; six months 12¼-12½ per cent; one-year 12⅜-12⅝ per cent.
Asian $ (closing rates in Singapore): one-month 11-11⅛ per cent; three months 11 9/16-11 11/16 per cent; six months 12 3/16-12 5/16 per cent; one year 12⅝-12⅞ per cent. Long-term Eurodollar: two years 13⅛-13⅜ per cent; three years 14-14¼ per cent; four years 14⅛-14⅜ per cent; five years 14⅛-14⅜ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one-month 10.50-10.60 per cent; three months 11.00-11.20 per cent; six months 11.50-11.60 per cent; one year 12.40-12.60 per cent.

MONEY MARKETS

UK rates show little change

UK clearing bank base lending rate 10½ per cent (since August 30 and 31)

UK interest rates showed little change yesterday. The market remained bullish however and appeared to be waiting for some firm indication either from the Bank of England or possibly U.S. interest rate trends.

In the interbank market overnight money opened at 10¾-11 per cent and traded between 10½ per cent and 11 per cent before falling away to 7 per cent at the close.

The Bank forecast a shortage of £550m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills —£340m and the unwinding of previous sale and repurchase agreements —£272m. These were partly offset by Exchequer transactions of +£70m. The Bank gave assistance in the morning of £319m of which £213m comprised outright purchases of bills. These were £65m of eligible bank bills in band 1 (up to 14 days) at 10⅝ per cent and £87m in band 2 (15-33 days) at 10½ per cent. In band 3 (34-63 days) it bought £37m of eligible bank bills and £1m of Treasury bills at 10⅜ per cent and in band 4 (64-84 days) £3m of eligible bank bills at 10¼ per cent. It also arranged a sale and repurchase agreement on £106m of bills at 10⅝-10 11/16 per cent, unwinding on October 27.

The forecast was later revised to a shortage of £650m before taking into account the morning's help and the Bank gave further assistance of £225m, making a grand total of £544m. The afternoon help comprised a repurchase agreement on £43m on bills at 10½ per cent, unwinding on October 27. In addition it bought £34m of eligible bank bills in band 1 at 10⅝ per cent and in band 2 £9m of Treasury bills and £81m of eligible bank bills at 10½ per cent. In band 3 it bought £40m of eligible bank bills at 10⅜ per cent and in band 4 £15m at 10¼ per cent.

In Frankfurt the Bundesbank anounced a 10 per cent cut in banks' minimum reserve requirements as from October 1. The announcement came after the regular fortnightly meeting of the Bundesbank central council. Yesterday's move will add at least DM 5.5bn of liquidity to the system and will help offset a maturing repurchase agreement of DM 7.8bn. The Bundesbank also declared its intention to offer a further repurchase agreement at the beginning of October. There was no change in the Lombard rate 8 per cent or the discount rate 7 per cent.

In the money market reported Lombard borrowings fell from DM 2.7bn on Tuesday to DM 2.3bn on Wednesday as banks recovered from demands caused by September tax payments. Call money was quoted at 7.825 per cent down from 7.975 per cent on Wednesday.

EUROCURRENCIES

Eurodollars firmer

Euro-dollar rates were firmer in early trading yesterday as the market adjusted to some short covering following Wednesday's sharp fall. However rates soon fell back a little as pressure mounted for a further reduction in rates with the release on Wednesday night of U.S. durable goods orders showing a 4 per cent drop for the month which only served to underline the rather stagnant state of the U.S. economy. The softer trend was encouraged by a lower Federal funds rate, although Wednesday's close of 11 per cent was more a reflection of the erratic movements seen on Wednesday as banks work to adjust their reserve positions.

Any bullish nature was tempered by the realisation that U.S. money supply is still outside its target range. This week the market is looking for a modest decline on Friday.

MONEY RATES

NEW YORK

Prime rate	13½
Fed funds (lunch-time)	10¼-10⅜
Treasury bills (13-week)	7.22
Treasury bills (26-week)	9.03

GERMANY

Lombard	8.0
Overnight rate	7.825
One month	7.925
Three months	8.075
Six months	8.20

FRANCE

Intervention rate	14.00
Overnight rate	14.125
One month	14.1875
Three months	14.25
Six months	14.25

JAPAN

Discount rate	5.50
Call (unconditional)	6.96875
Bill discount (three-month)	7.21875

LONDON MONEY RATES

Sept. 23 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-11	10¾-10⅞	—	—	10¼-11⅛	10-10¾	—	—	—
2 days notice	—	—	10¾-10⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¾-11	10¾	—	—	—	10½-10⅝	—	—	—
One month	11-10⅞	10 15/16-11 1/16	10¾	11⅜-11⅛	11⅛	11⅛	10½	10⅛	10½	11⅛
Two months	10⅞-10¾	10⅞-11 1/16	10¾	11¼-10⅞	11	11⅛	10⅛	10⅛	10 15/32-10 13/32	10 27/32
Three months	10 13/16-10 11/16	10 15/16-10 13/16	10¾	11-10⅝	11	11⅛	9¾-10	10⅛	10⅜	10 27/32
Six months	10½-10⅜	10⅞-11	10¾	10¼-9⅞	10⅞	11⅛	—	—	9 15/16-9 31/32	10 15/32
Nine months	10⅛-10⅜	10⅞-11	—	10¼-10⅜	10⅞	—	—	—	—	—
One year	10⅛-10⅜	10⅞-11	10¾	10⅝-10⅝	10⅞	—	—	—	—	—
Two years	—	—	10⅞	—	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV Average Rate for interest period 4 August to 7 September 1982 (inclusive): 11.097 per cent.

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates, nominally three years 11⅛ per cent; four years 11⅜ per cent; five years 11⅜ per cent. ♦ Bank bill rates in table are buying rates for prime papers. Buying rate for four-month bank bills 10⅛ per cent; four-month trade bills 10⅞ per cent.

Approximate selling rate for one-month Treasury bills 10½ per cent; two months 10⅛ per cent and three months 10 per cent. Approximate selling rate for one-month bank bills 10½ per cent; two months 10⅜-10 5/32 per cent and three months 10 3/32 per cent; one-month trade bills 10 27/32 per cent; two months 10 23/32 per cent; three months 10 17/32 per cent.

Finance House Base Rates (published by the Finance Houses Association) 12 per cent from September 1, 1982. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Clearing Deposit Rates for sums at seven days' notice 7⅛-7½ per cent. Treasury Bills: Average tender rates of discount 10.0701 per cent. Certificates of Tax Deposit (Series 5) 11 per cent from August 18. Deposits withdrawn for cash 9 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

NOTES

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	228.4	[illegible]		—
Equity Fund	55.7	[illegible]	-0.3	—
Property Acc.	247.5	[illegible]		—
Equity Acc.	55.2	[illegible]	-0.3	—
Selective Fund	158.5	[illegible]	-0.4	—
Money Fund	169.3	[illegible]		—
Convertible Fund	182.2	[illegible]		—
Prop. Fd. Ser. 4	210.7	[illegible]		—
Equity Ser. 4	61.7	[illegible]	-0.3	—
Man. Ser. 4	214.9	[illegible]	-0.8	—
Money Ser. 4	153.7	[illegible]		—
Conv. Ser. 4	154.0	[illegible]		—
Fixed Int. Fd. Ser. 4	134.0	[illegible]	-1.0	—
American Ser. 4	127.6	[illegible]	+2.1	—
High Inc. Ser. 4	127.7	[illegible]		—
Indexed Inv. Series 4	99.5	[illegible]		—
Pension Property	320.4	337		—
Pension Equity	320.3	336	-1.2	—
Pension Selective	160.5	169	-0.4	—
Pension Managed	321.5	[illegible]	-0.4	—
Pensions American	—	[illegible]		—
Pension Security	226.7	[illegible]		—
Pension Fixed Int.	130.6	137		—
Pension Indexed Inv.	130.2	[illegible]		—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	337.2	354.8	+2.6	—
Fixed Int. Acc.	218.4	229.9	+1.6	—
Gtd. Money Fd. Ac.	159.1	167.5		—
Intl. Man. Fd. Acm.	150.0	157.8	+0.5	—
Intl. Fxd. Int. Fd.	117.2	123.3	+0.3	—
Prop. Fd. Acc.	150.3	158.2		—
M'ple Inv. Acc.	267.2	281.2	+1.8	—
Equity Pen. Fd. Acc.	458.6	483.2	+4.4	—
Fixed I. Pen. Acc.	367.8	387.1	+3.8	—
G'td Mon. Pen. Acc.	223.2	234.9	+0.1	—
Intl. Mn. PnFd. Acc.	175.3	184.5	+1.3	—
Prop. Pen. Acc.	212.9	224.0		—
M'ple Inv. Pen. Acc.	395.1	415.9	+3.4	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	206.9	218.0	+0.5	—
Money Fd.	146.4	154.1	+0.1	—

Crown Life—Continued

St. George Mangd. Fd.	111.6	[illegible]		—
Lincs & Gen. Fd.	117.6	[illegible]		—
Sage Fd.	94.8	[illegible]		—
Heritage Fd.	106.3	[illegible]		—
DBS Managed	110.2	115.9		—
Crown. Brit. Inv. A	227.40			—
Pens. Mixed Fd.	159.1	164.8		—
Pens. Mang'd. Acc.	118.5	[illegible]		—
Pens. Mang'd. Init.	113.5	[illegible]		—
Pens. Equity Acc.	105.2	[illegible]		—
Pens. Equity Init.	100.5	[illegible]		—
Pens. Fxd. Int. Acc.	119.7	[illegible]		—
Pens. Fxd. Int. Init.	114.5	[illegible]		—
Pens. Money Acc.	112.1	[illegible]		—
Pens. Money Init.	107.0	[illegible]		—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq., EC3N 4DJ 488 2323

Growth Prop. Sept. 7	104.6	115.2		—
Mngd Pens. Sept 7	124.08	130.61		—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	88.5	91.8		5.55

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	204.0	214.7	+0.1	—
Higher Inc. Fund	133.4	140.4	-0.2	—
Property Fund	194.5	204.7		—
Fixed Interest Fund	163.9	172.5	-0.1	—
Index Linked Secs Fnd.	95.6	100.6	-0.1	—
Gtd. Deposit Fund	137.8	145.0		—
Nth. America Fund	119.7	126.0	-0.2	—
Far East Fund	82.3	[illegible]		—
International Fund	104.5	110.0	-0.1	—
Mixed Fund	183.5	192.9	+0.3	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	206.8	217.4		—
Ind. Pen. Property	148.0	155.7		—
Ind. Pen. Fixed Int.	157.4	165.6		—
Ind. Pen. Index Lk. Scs.	105.1	110.6		—
Ind. Pen. Overseas	156.5	164.7		—
Ind. Pen. Cash	139.3	146.6		—
Ind. Pen. Balanced	167.5	176.4		—
Ind. Pen. Dep. Admin.	139.8	147.1		—

Prices at Sept 9. Next settlement Oct 14.
Group Pension Funds—Prices Available On Request.

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

NOTES

[illegible]

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Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
72	57¾	Agric. Mt. 5pc '59-89	71¼	−¼	7.08	11.30
33¾	24¾	Met. Wtr. 3pc 'B'	33½xd	−¼	9.00	11.44

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ SA1	215	.....	Q28c	3.3	7.4	4.1
270	205	Alexander. D. £1	262	+4	18.5	—	10.1	—
£63½	£48	Algemene Fl.100	£48	.....	Q26%	3.8	11.2	4.9
100	75	Allied Irish	90	.....	Q5.3%	4.0	10.3	3.1
16¾	10¾	Ansbacher (H.) 5p	11½	−¼	0.35	—	4.3	—
275	200	Bk. Ireland £1	260	.....	Q29.4%	—	9.3	—
3½	2	Bk. Leumi S0.1	2½	.....	1.08%	—	0.7	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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INDUSTRIALS (Miscel.)

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Address ______
______ Age ______ *(Self)*
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OIL AND GAS—Continued

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MINES

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MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
200	75	Falcon Rh.50c.	180	−10	025c	10.3	6.9
33	19	Wankie Col. Z$1	20	......	Q3c	1.1	8.1
21	12	Zam.Cpr.SBD0.24	14	......	—	—	—

Australians

Tins

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	30	......	—	—	—
16½	12	Burma Mines 10p	15½	......	0.55	1.0	5.2
130	27	Colby Res. Corp.	120	......	—	—	—
292	170	Cons. Murch. 10c.	250	−10	‡Q60c	1.9	‡
8	1½	††Explaura Gold	2½	......	—	—	—
105	55	Highwood Res.	85	+5	—	—	—
255	160	Northgate C$1	235	......	—	—	—
468	344	R.T.Z.	427	−3	16.0	1.6	5.4
£108½	£84	Do. 9½% Cv.Ln. 95-2000	£102	......	Q9½%	23.9	9.5
20	11	Sabina Inds. C$1	13	......	—	—	—
44	27	‡Southwest C. 10p	39	......	—	—	—
500	270	Tara Exptn. $1	325	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ɸ Figures or report awaited.
- ♰ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(1).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv. 20p	42	......
Bertrams	17♯	......
Bdg'wtr. Est. 50p	450	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	30	......
Graig Ship. £1	£22	−1
Higsons Brew	90	......
Holt (Jos) 25p	780	......
I.O.M. Stm. £1	80	......
Pearce (C. H.)	£11⅛	+⅛
Peel Hldgs.	157	......
Sheff. Refrshmt	127	......
Sindall (Wm.)	270	+5

IRISH

Stock	Price	+ or −
Exch. 15pc 1983	£100⅛	......
Nat. 9¾% 84/89	£79½	......
Fin. 13% 97/02	£85¾	−⅛
Alliance Gas	102	+2
Arnott	220	......
Carroll (P.J.)	76	......
Concrete Prods.	60	......
Heiton (Hldgs.)	15	......
Ins. Corpn. Ireland	410	......
Irish Ropes	33	......
Jacob	75	......
T M G	5	......
Unidare	47	......

OPTIONS

3-month Call Rates

Stock	Price	Stock	Price	Stock	Price
Cadburys	9	N.E.I.	9		
Courtaulds	3	Nat. West. Bank	28	Brit. Petroleum	25
Debenhams	7	P & O Dfd.	14	Burmah Oil	10
Distillers	15	Plessey	32	Charterhall	6
Dunlop	6½	Racal Elect.	35	K.C.A.	14
Eagle Star	31	R.H.M.	6½	Premier	6
F.N.F.C.	4	Rank Org. Ord.	20	Shell	30
Gen. Accident	28	Reed Intnl.	26	Tricentrol	22
Gen. Electric	65	Sears	6	Ultramar	38
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½		
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	11	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

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FINANCIAL TIMES

Friday September 24 1982

BELL'S
SCOTCH WHISKY
BELL'S

Cash auction for 15 North Sea blocks in new round

BY RICHARD JOHNS

FIFTEEN BLOCKS in the highly productive central sector of the North Sea are to be auctioned by cash tender as part of the eighth round of offshore licensing, the Government announced yesterday.

Of the total 184 blocks open to bids, with a closing date of January 17, for receipt of applications, the Government hopes to license 85. Included are 38 in the gas producing province in the southern sector but the remainder are in areas still reckoned to be unknown quantities.

The Government's assumption is that "most of the 15 will be taken," according to Mr Hamish Gray, Minister of State for Energy. But at a Press conference yesterday he declined to give an indication of how much the Government expected to receive from the sale.

Blocks involved in the cash tender are to be awarded first. The Government hopes to finalise the whole licensing process in the eighth round by the end of April.

It will be the first time since 1971 that cash bids have been invited for exploration rights. Then the sale for 15 blocks brought in receipts of £37m, including £21m for one block.

Mr Gray said the Government's view was that it would be "useful to have an auction to assess the market." He described the prime blocks on offer for oil exploration—in the area including the prolific Forties field—as "juicy" and expressed the hope that the industry would regard them as such.

Applications for the other blocks on offer will be considered on the normal concessionary basis with the chief criteria being bidders' technical expertise and financial resources. The Secretary of State will reserve the right to refuse any bid—as he will in the auction.

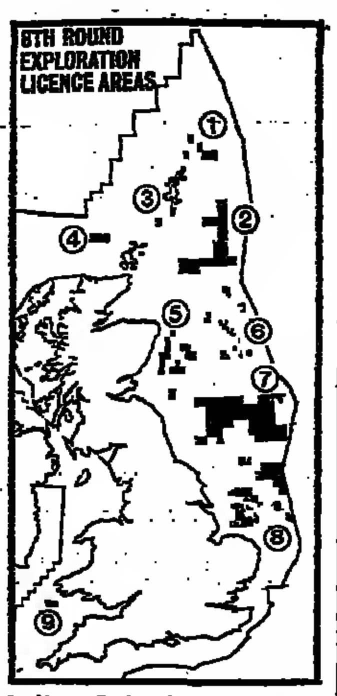
The expectation is that the blocks in the gas-producing southern sector will also attract many bids now that the British Gas Corporation has signalled its willingness to pay higher prices for natural gas.

Mr Gray described the other blocks on offer as being of the "frontier" variety. The Government hopes to open new areas for drilling.

The number of licences issued in the previous rounds since 1964 totalled 389.

Mr Gray said an application by Elf and Total, the two French companies, for development of the North Alwyn field was expected in the near future—no later than the beginning of next year. He also expected a submission of proposals for the Brae B and Balmoral fields, in the early part of 1983.

Drilling this year may reach a record level in UK waters. The number started in the first eight months of 1982 was 70 compared with 43 in 1981, which was the best since 1977.



1 Unst Basin—six blocks (new exploration). 2 East Shetlands Platform—33 blocks (new exploration). 3 Faro Isle Basin—one block (new exploration). 4 West of Orkneys—four blocks (new exploration). 5 Forth Approaches—18 blocks (new exploration). 6 Mid-High North Sea—15 blocks (mature oil province). 7 Central North Sea—70 blocks (mature oil province). 8 Southern North Sea—38 blocks (mature gas province). 9 Southern Sub Basin—one block (new exploration).

Call to ease tachograph laws raises protests

By John Wyles in Brussels

EUROPEAN COMMISSION transport officials have decided that EEC laws to require the installation of tachograph activity recorders in commercial vehicles are too stringent.

The commission's plans to relax the laws, however, have brought protests from manufacturers of the so-called "spy in the cab." They claim, in a memorandum, that the proposed relaxations would exempt almost 80 per cent of goods transported in the Community and two-thirds of all commercial vehicles.

The claims were dismissed as "exaggerated" by experts from EEC capitals in Brussels yesterday to examine the Commission's draft amendments.

However, there appeared to be general uncertainty as to how many vehicles would be free from the requirement to install tachographs — instruments which record distances travelled, speeds reached and time taken.

Commission officials said that the present requirements for tachographs in virtually all vehicles of more than 3.5 gross tonnes were too extensive and, as a result, are not being properly enforced in such countries as France, Italy and Greece.

"We did not realise that it would be impractical to include short-distance transport and lorries operating on small islands," said one official yesterday.

Tachograph companies, including Smiths Industries and Lucas-Kienzle Instruments of the UK, and Kienzle Apparate of West Germany, have protested strongly at the contents of two Commission working papers produced this year.

These proposed outline amendments are to do with installation and use of the tachograph, and with Community regulations to standardise the length of the commercial driving day in the EEC.

The industry claims that the proposals widen the scope for member states to grant exemptions from regulations on driving time and rest periods for vehicles which operate within a 50 km radius. This would reduce demand for tachographs. Other exemptions, such as for vehicles on small islands, would further reduce the need for tachographs, says the manufacturers.

One expert studying the Commission's proposals claimed yesterday that "vast fleets" would not be liberated from the tachograph. He maintained that the purpose was to exempt vehicles travelling short distances in supply markets, for example, and those in forestry and agricultural sectors.

Hazel Duffy writes: The freight industry in the UK believes in a relaxation of tachograph rules for vehicles which make short journeys, as well as in certain exemptions. An example of the latter would be a fork-lift truck on a road between factories.

Allied delays Bendix bid; four resign from board

By Richard Lambert in New York

ALLIED CORPORATION, the diversified U.S. chemicals company, yesterday delayed the start of its planned $1.9bn (£1.1bn) take-over bid for Bendix, the industrial group. The decision led to speculation that it was trying to reach an agreement with Martin Marietta, the Maryland aerospace group which is also bidding for Bendix.

Earlier, four independent directors of Bendix—including the president of Mobil and the chief executive of G. D. Searle—had announced their immediate resignation from the company. They explained that it had become difficult for them to "function effectively as directors."

Allied's decision to delay the tender offer, which was due to start yesterday, followed a meeting between Mr Edward Hennessy, its chairman, and top executives of the Marietta board late on Wednesday.

In the early hours of yesterday, Marietta bought outright some 44 per cent of the outstanding shares in Bendix for $750m under the terms of its tender offer. The company said it would buy more on a first come, first served basis until its holding reached just over 50 per cent.

Marietta would have been forced to delay its purchases of Bendix shares if Allied had made its own bid a few hours earlier on Wednesday. In the event, Allied derided it needed to hold further talks with Bendix in view of Wednesday night's developments, and so halted its planned tender offer for the company.

Trading in the shares of all three companies was suspended on the New York Stock Exchange, and Allied said it hoped to make a statement later yesterday.

Wall Street traders speculated that Allied was attempting to unravel the tangled affair by swapping the big holding of Bendix shares now held by Marietta for the 70 per cent of Marietta's shares recently acquired by Bendix. Bendix would then be controlled by Allied, while Marietta would remain an independent company with a much reduced outstanding share capital.

Meanwhile, here were no new initiatives from Mr Hennessy's former employer, United Technologies—which is also making a tender offer for Bendix. The Justice Department asked on Wednesday for more information about United's plans, which meant it would be barred for at least ten days from buying any Bendix shares under its offer.

Woolworth shares jump 15p as takeover mystery continues

BY DUNCAN CAMPBELL-SMITH

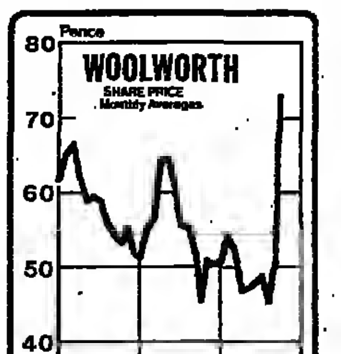
SHARES in F. W. Woolworth, suspended at 58p earlier this week, jumped to 73p in resumed trading yesterday amid continuing mystery over the identity of a consortium preparing to bid for the company.

Mr Godfrey Bradman, chairman and chief executive of the property group Rosehaugh Company, issued a statement denying earlier Press reports that bankers acting on his behalf were engaged in talks with Woolworth's New York parent, which owns 52.6 per cent of the British concern.

Mr Bradman's statement acknowledged that his company had retained bankers Charterhouse Japhet last year in an attempt to put together a takeover consortium for the British subsidiary. But "terms could not be agreed" and neither he nor his company would be investing as a member of any new consortium.

Mr Bradman confirmed last night that his company would have "a financial interest" in the outcome of any current takeover talks. This he hoped would be "more than just a commission" but he was unable to be more specific.

"I am not prepared to clarify or define what our financial interest is," said Mr Bradman.



Shares in Rosehaugh climbed to 220p at one point yesterday but closed at 210p, up 13p, Mr Bradman's statement appeared after market jobbers had left their offices.

Charterhouse Japhet was unavailable for comment on either last year's talks or those now under way. Charterhouse is known to be advising a takeover consortium which is believed to include the Prudential among other institutional investors.

The board of Woolworth said it had been surprised by Press speculation about the identity of parties to the consortium and had nothing to add to its earlier statement that it was itself awaiting some clarification from New York.

Woolworth said on Wednesday it was consulting with its financial advisers, S. G. Warburg, "with a view to protecting the interests of the minority shareholders" and those involved in the UK business.

Engineering groups near deal to end time-served apprenticeships

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

UNION LEADERS and employers have agreed in principle to end time-served apprenticeships in the engineering industry.

This is one of the most important steps towards reforming industrial training in Britain since the Government launched its New Training Initiative last year.

Mr Norman Tebbit, Employment Secretary, and the Manpower Services Commission are aiming to end all time-served apprentice training by 1985. A breakthrough in engineering, because of its diverse character, will help stimulate progress elsewhere.

Training to agreed standards rather than for a specific period is regarded as important not only because it relates the length of training to the performance of individuals, but because it increases the possibilities for retraining as technology changes.

The progress in the engineering industry contrasts with an attempt by the Engineering Industry Training Board to end time-served apprenticeships in the late 1970s. This was rejected by unions and employers.

Leaders of the Engineering Employers Federation and the Confederation of Shipbuilding and Engineering Unions hope it may be possible to introduce training to standards in time for next summer's apprentice intake.

The change will require a national agreement. Discussions are expected to open once the industry's annual pay negotiations, now in progress, are completed.

The age-related pay rates in the existing agreement will be replaced by an arrangement linking pay to the achievement of standards. Union leaders have submitted proposals for an initial entry rate, followed by increases after successful completion of the first year's off-the-job training and subsequent modules teaching various skills.

No figures have been put so far on these proposed categories and the negotiations will be watched by the Government, which believes that lower initial pay rates would encourage the employment of more young people.

The present starting rate for an engineering apprentice is about £40 a week, and union leaders will not be easily persuaded that it should be lower.

They are also likely to insist that any young person who enters the industry under the Government's Youth Training Scheme—where the proposed weekly allowance is £25—and subsequently becomes an apprentice should have the pay difference refunded.

Treasury

Continued from Page 1

ional Insurance surcharge this autumn. They prefer to wait until the spring budget, and then cut personal taxes. They realise this would probably be the last budget before the next general election.

Even if total public spending can be held down to £121bn, it is already clear that the scope for tax reductions in the next budget will be limited if the Government sticks to its plans for reducing public borrowing as a proportion of national output.

With the outlook for growth now worse than it was six months ago, ministers may be glad to contain borrowing for 1983-84 to somewhere near this year's target of £9.5bn.

Mrs Thatcher and Sir Geoffrey Howe, the Chancellor, are said to be firmly against a major autumn package. This is in spite of calls from a minority within the Cabinet for help for industry and the unemployed at the time of the November public spending statement.

The ministry's case may be strengthened by the recent unemployment figures which showed an adult total of 3m out of work and a rising trend. However, there is no indication at present that the Prime Minister and the Chancellor will swerve from their earlier resolve.

Indeed, since the summer there has been a significant hardening of opinion on the subject of the employers' National Insurance contribution.

It now appears the Industry Department no longer favours any further big and early cut in the surcharge, even though Mr Patrick Jenkin, the Industry Secretary, strongly urged the cut in the surcharge.

Most economics ministers believe industry should be helped by lowering interest rates and curbing public spending. There is also concern that, with company profits now recovering, any cut in the surcharge might be used to finance larger wage rises.

Health

Continued from Page 1

they participated. The workers plan to meet today on whether to take further action.

Retaliatory measures, including industrial action, over being locked out on Wednesday were threatened by 3,000 steelworkers at Corby, Northants. BSC closed the plant for a day because 400 engineering workers struck which meant other workers lost a day's pay.

Charges earlier this week by Mr Norman Tebbit the Employment Secretary, of intimidation in a printing company appeared to have foundation, though he mistook the location of the company, which is in Hampshire.

A National Graphical Association shop steward at the Eyre and Spottiswoode printing plant near Portsmouth said yesterday that the workers at the plant were told by the union's branch official to strike on September 22, on pain of loss of union cards or a £500 fine.

SDP

Continued from Page 1

finance committee. Although both posts would be decided by elections, the results are widely regarded as a foregone conclusion.

While acknowledging the desire of Mr David Steel, the Liberal leader, for a clearly defined SDP leadership structure, Mrs Williams indicated that the party would continue to operate a de facto collective leadership.

"We see the leadership as being a team exercise, although there is a captain," she said. There could be no question of "Mrs Thatcher-type leadership with one person on the bridge and the rest swabbing the decks."

The results of the ballot for the party's eight-member national committee were also announced yesterday, revealing an overwhelming victory for Mr Dick Taverne, the party's prospective candidate in the forthcoming Peckham by-election and the only member to be elected on the first count. He received 40 per cent of the votes on a turnout of 40 per cent.

In the men's section, Prof David Marquand was elected on the 36th count and Mr Roy Evans and Mr Anthony Sampson on the 37th.

Weather

UK TODAY

COLD with rain. Bright intervals.

NE Scotland, Orkney and Shetland
Dry at first, rain later. Max 12C (54F).

NW Scotland, Central Highlands
Cloudy with outbreaks of rain. Max 12C (54F).

England, Wales, rest of Scotland.
Rain with bright intervals later. Max 16C (61F).

Outlook: Unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	25	77	L. Ang.†	F	19	66
Algiers	S	28	82	Luxmbg.	C	13	55
Amsdm.	S	15	61	Luxor	S	34	93
Athens	F	18	64	Madrid	C	20	68
Bahrain	S	37	99	Majorca	S	28	82
Barclna.	F	26	79	Malaga	S	30	86
Beirut		—	—	Malta	F	29	84
Belfast	F	12	54	Mchstr.	C	13	55
Belgrd.	F	26	79	Melbne.		—	—
Berlin	F	17	63	Mx. C.†		—	—
Biarritz	C	20	68	Miami†	F	19	66
Bmghm.	C	14	57	Milan	F	24	75
Blackpl	F	13	55	Montr'l†	C	11	52
Bordx.	C	19	66	Moscow		—	—
Boulgn.	R	12	54	Munich		—	—
Bristol	C	14	57	Nairobi	C	22	72
Brussels	C	15	59	Naples	C	24	75
Budpst.	C	21	70	Nassau		—	—
Cairo	S	29	84	Nwcstl.	C	13	55
Cardiff	R	14	57	N York†		—	—
Casbca.	S	24	75	Nice	F	29	84
Cape T.	S	24	75	Nicosia	S	27	81
Chicg.†	F	4	39	Oporto	C	19	66
Cologne		—	—	Oslo		—	—
Cpnhgn.	S	13	55	Paris		—	—
Corfu	F	25	77	Perth		—	—
Denver†	F	13	55	Prague	C	15	59
Dublin	C	14	57	Rykvk.	F	6	43
Dbrvnk.	S	24	75	Rhodes	S	26	79
Ednbgh.	R	13	55	Rio J'o†		—	—
Faro	F	23	73	Rome		—	—
Florence	R	23	73	Salzb'rg	R	12	54
Frankf't	C	14	57	S'crsco†	C	15	59
Funchal	F	24	75	S. M'rtz		—	—
Geneva	C	15	59	Singapr.		—	—
Gibrltr.	S	27	81	S'tiago†		—	—
Glasg'w	F	12	54	Stckhm.	S	13	55
G'rnsey	R	14	57	Strasb'g	C	16	61
Helsinki	S	15	59	Sydney		—	—
H. Kong	S	30	86	Tangier	C	23	73
Innsbr'k	C	17	63	Tel Aviv	S	27	81
Invrnss.	R	11	52	Tenerife	F	26	79
I.o Man	F	13	55	Tokyo	R	19	66
Istanbul	S	26	79	Toronto†	C	13	55
Jersey	F	17	63	Tunis		—	—
Jo'burg	F	21	70	Valencia	S	29	84
L. Pims.	F	25	77	Venice	F	24	75
Lisbon	S	21	70	Vienna	F	17	63
Locarno	C	19	66	Warsaw	R	13	55
London	F	16	61	Zurich	C	14	57

C—Cloudy F—Fair R—Rain S—Sunny
† Noon GMT temperatures.

THE LEX COLUMN

Dunlop hits a pothole

Index fell 5.4 to 577.2

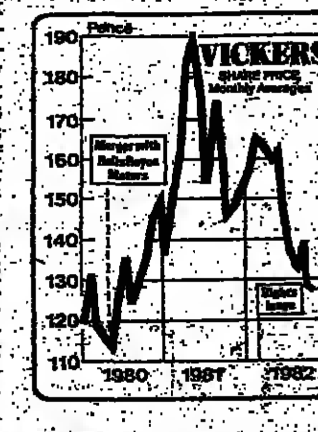
Dunlop's interim figures, showing a pre-tax profit of £4m instead of a £3m loss in the six months to June, held no surprises, but the group's remark that market conditions throughout the EEC are now "worsening markedly" has a chilly sound. No one imagined that tyres and motor components were exactly amusing, but this bleak warning comes on top of sharp words from GKN last week and was corroborated yesterday by Vickers.

It now looks as though the recently improving earnings trend, which brought the UK business back to a tiny pre-interest profit in the first half—tyres lost only £2.8m, against £11.5m, in the home market—might have reversed. Dunlop is in no shape to withstand a serious deterioration in the volume of business. Already in the first half retained losses ran to £22m (£31m on a current cost basis) and there must be a steady operating cash deficit.

However, Dunlop continues to produce attractive rabbits out of the very battered old hat that is its balance sheet. The total equity figures—including preference and minorities—may finish the year some £20m higher than 1981's closing £341m. The sale of the Malaysian industrial interests boosted ordinary shareholders' equity (partly offset by a fall in minorities) and Dunlop has attracted £27m of preference capital to the U.S. and International holding companies. Some help from exchange differences, a small property revaluation—and hey presto.

The sum total of these movements could bring the overall debt: equity ratio down below 80 per cent, and finance charges will fall as lower interest rates combine with degearing. But with operating profits also under pressure, the shares may be vulnerable at 57p, where they yield 10.4 per cent on the twice-yearly distribution of capital.

Vickers



What is so worrying about the Vickers warning of lower profits for the full year is its wide implication for the whole engineering sector. The group's activities spread well beyond the motor industry, which has produced most of the recent gloom, and very few of them seem to have escaped the latest fall-off in demand.

The forecast comes at a time when Vickers should be reaping the benefit of falling interest rates and its recent rights issue cash. It accompanies the announcement of a modest profit increase for the six months to June—from £9.5m to £10.2m pre-tax—and is made at a disquieting distance from the year-end. Vickers has a seasonal trading bias towards the second half but is not even certain to match the pre-tax profits of the first six months.

Rolls-Royce Motors has proved a particular headache as stocks have accumulated in the U.S. and the company is absorbing cash even during one of those rare periods when tooling costs are absent. But the problems extend to most of Vickers' capital goods interests as well.

This helps to put the infamous March rights issue in new perspective. A maintained dividend will again be less than covered by current cost earnings, but it is now easy to imagine how the year-end balance sheet would have looked without the cash. At last night's price of 126p, the shares yield 14.1 per cent.

ISC

International Signal & Control, the U.S. company which is offering itself for sale in London, is admirably qualified for stock market success on this side of the Atlantic. The group has an established presence in the field of defence electronics, a glittering record over the past few years and an American accent.

This was presumably not lost on Robert Fleming when it pitched the offer price at 18 times forecast fully-taxed earnings. That may be demanding by U.S. standards but, with the UK defence electronics companies trading on prospective multiples in the mid-twenties, fund managers will probably be eager to tuck away some ISC.

The new company, which will be granted a British passport after buying out the minority in its London subsidiary, clearly has considerable design and marketing expertise, together with enticing plans for growth in security systems, telemetering and robotics.

But the projected growth rates—operating profits should be up 60 per cent to roughly $18m this year—depend heavily on the good favours of a few large clients. In what is essentially a goodwill business, the fact that one customer accounted for 57 per cent of 1981-82 sales is obviously unsatisfactory. The company is vulnerable to changes in U.S. licensing procedures on exports while, with trade debtors accounting for 59 per cent of annual sales, its financial controls could do with some sharpening. This is an investment in the high risk category.

Rowntree Mackintosh

Rowntree Mackintosh continues to do the things it knows well with commendable efficiency. At £15.2m, trading profits in the half year to mid-June are up by 14 per cent, back at last above the 1979 level thanks to a mix of increased volume, better productivity, and slightly improved sales of the anything-but-geriatric, 50-year-old Kit Kat. The group has hit big problems in Canada and West Germany, where it is losing both volume and money, but it has done slightly better in France, while the UK performance has been helped by a 20 per cent improvement in exports.

This overall trading picture is boosted by a £3.1m cut in interest charges to £1.5m, which has carried pre-tax profits up by 57 per cent to £13.7m. The reduction in borrowings mainly reflects last year's £42m rights issue, raised for a U.S. acquisition, but so far unused—though it is not clear for how long.

In the second half, the pace will slow somewhat, but with some pricing benefits to come in the UK profits of around £48m for the year look possible. Inflation apart, that would be a "record" at the pre-tax level, but not by a long chalk in terms of earnings per share. At 212p, the shares trade on a multiple of 12½ times, fully-taxed, and yield 5.6 per cent.

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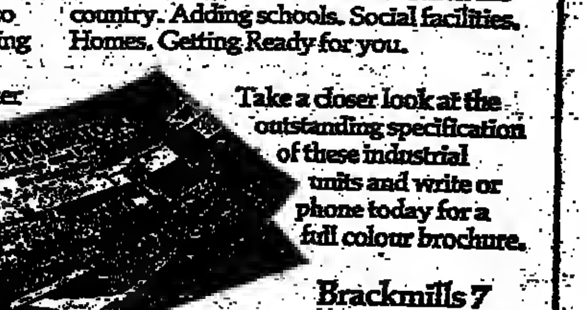

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